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Fifty-third session

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Summary record of the 27th meeting
Held at Headquarters, New York, on Monday, 16 November 1998, at 10 a.m.

Chairman: Mr. Abelian ..... (Armenia)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Mselle

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98-82379 (E)

The meeting was called to order at 10 a.m.

Agenda item 111: Financial reports and audited financial statements, and reports of the Board of Auditors (A/52/5 (vol. II), A/52/811, 867 and 879; A/53/5 (vols. I, III and IV) and Add.1–10, A/53/217, 335 and Add.1, 508 and 513)

1. **Mr. Shunglu** (Chairman of the Board of Auditors) said that, in addition to its reports on 13 United Nations organizations (A/53/5 (vols. I, III and IV) and Add.1–10), United Nations peacekeeping operations (A/52/5 (vol. II)), the management review of the secretariat of the International Civil Service Commission (A/52/811) and the financial statements of the United Nations Joint Staff Pension Fund (UNJSPF) to the General Assembly (A/53/9, annex III), the Board of Auditors had also issued a summary of its findings (A/53/217), as requested in General Assembly resolution 47/211. Its comments on the implementation of the audit recommendations made in the previous financial period were included in the annexes to each report.

2. In its report on peacekeeping operations the Board had presented its findings by area of activity, rather than by mission as in the past, in order to bring out more clearly the scope for improvement. It had also presented a summary at the beginning of the document and therefore done away with the summary of findings. Because of the change of the financial period for peacekeeping operations from biennial to annual, as a transitional arrangement the report covered the 18-month period from 1 January 1996 to 30 June 1997. A similar presentation had been used in the other reports, which addressed in particular the requirements contained in decisions and resolutions of the General Assembly. In the 1996–1997 biennium the Board had also conducted horizontal audits of cash management, capital assets funds, and management of premises.

3. The Board's Audit Operations Committee had continued to maintain a dialogue with the audited organizations and close cooperation with the Office of Internal Oversight Services (OIOS) and the internal audit services of the organizations. It had also exchanged information on issues of mutual interest with the Joint Inspection Unit (JIU). The second tripartite meeting of the Board, OIOS and JIU had been held on 3 November.

4. The Audit Operations Committee had met with the Advisory Committee on Administrative and Budgetary Questions (ACABQ) in May to discuss the report on peacekeeping operations and in September to discuss the other reports. The Board noted the Advisory Committee's observation that inconsistent application of several articles of the United Nations accounting standards required urgent review and looked forward to the findings of the review being carried out by the Consultative Committee on Administrative Questions (Financial and Budgetary) (CCAQ(FB)). ACABQ believed that the Board's reports should be published before the start of the regular session of the General Assembly and intended to hold further discussions on that question with the Board and representatives of the Secretary-General. The Board noted the Advisory Committee's request that its report on peacekeeping operations for the period ended 30 June 1998 should be submitted to ACABQ in February 1999.

5. The Advisory Committee appreciated that the Board's workload had increased dramatically in recent years and intended to discuss with it the question of additional resources. The Board would keep in mind the Advisory Committee's request for a horizontal audit of procurement for the biennium 1998–1999 and its suggestion for reviews of the organizations' publications. It would also discuss with the Office of the United Nations High Commissioner for Refugees (UNHCR) the planning of biennial audits. The Board proposed to review the Secretary-General's report on procurement reform (A/C.5/52/46) in conjunction with the next audit of peacekeeping operations and to monitor the compliance of the United Nations Development Programme (UNDP) with the procedures for granting cash advances to Governments.

6. The Board noted the Advisory Committee's opinion in its report on the Guidelines for Internal Control Standards (A/53/508) that the Guidelines were too general to be operational or to enable the Board to ascertain whether they had been complied with. It also noted the ACABQ observations in its report on the United Nations pension system (A/53/511).

7. In paragraph 8 of its report on United Nations peacekeeping operations (A/52/5, vol. II, chap. II), the Board had identified those recommendations made in its report on the biennium 1992–1993 which had not been fully implemented. It remained concerned that the current practice did not allow for effective tracking of letters of assist and felt that an effective system should be put in place to monitor contracts awarded on the basis of delivery schedules and that the transfer of unserviceable property at additional costs to the Organization should be avoided. The Board had issued a qualified opinion for two reasons. Firstly, although some Member States had declared their intention not to pay assessed contributions totalling $116.1 million, no provision had been made in the financial statements for the delay in the collection of those contributions. Assessed contributions

were legally binding and should not be written off without the General Assembly's approval. The omission of provision for delays meant that the statements did not properly present the financial position of the peacekeeping operations. Secondly, the Board had been unable to confirm the validity of total adjustments of $130.4 million arising from conversion from the old general accounting system to the Integrated Management Information System (IMIS) owing to gaps in the audit trail.

8. Contingent liabilities amounting to $304.4 million still subject to arbitration proceedings had not been disclosed, and there had been a sharp increase in the write-off of property losses. There had also been delays in recommending write-offs of assets by United Nations Headquarters. Some $24 million in non-expendable property transferred by two missions to other missions had not been acknowledged as of December 1997. Procurement in excess of $188 million had been considered on an *ex post facto* basis, and contracts totalling over $72 million had been extended without bidding. Lastly, the liquidation of four missions which had started before April 1996 had not been completed by December 1997.

9. On the basis of its findings, the Board had recommended *inter alia*: that the value of pending arbitration claims against peacekeeping operations should be disclosed in the notes to the financial statements; that the Administration should set deadlines for internal review processes to avoid delays in the award of contracts; that the Administration should review its computerized systems on letters of assist to provide accurate and reliable information; that the liquidation of missions should be accomplished as quickly as possible in order to minimize costs; and that missions in liquidation should make a physical inventory of non-expendable property prior to its disposal in accordance with the provisional liquidation guidelines.

10. With the exception of the International Trade Centre, UNDP and UNJSPF, the audited organizations had still not implemented all the Board's recommendations. The Board had qualified its audit opinion of the financial statements of UNDP, the United Nations Population Fund (UNFPA), and the United Nations International Drug Control Programme (UNDCP) because it had been unable to obtain sufficient evidence from Governments and non-governmental organizations (NGOs) that the funds advanced to them had been expended for the intended purposes.

11. The main issues for attention with respect to the United Nations system accounting standards were the disclosure of full valuation of property and contributions in kind, exchange losses netted off against income, non-provision for uncollectable pledges, and non-disclosure of reserve fund balances and of liability for end-of-service benefits.

12. The Board's recommendation that the United Nations Children's Fund (UNICEF) should regard cash assistance to Governments as programme expenditure at the time when funds were advanced had not been implemented: programme expenditure of $1,360 million had included cash assistance of some $100 million which had not been liquidated by Governments by 31 December 1997. The Board had been informed that the Financial Regulations and Rules would be revised in that respect after consultation of ACABQ and with the approval of the Executive Board. The Advisory Committee had suggested that UNICEF should check with other funds and programmes about their experience before making the revision.

13. The financial statements for UNHCR did not truly reflect expenditure for the year: the amount of $193.5 million had not been supported by accounts from implementing partners and had remained unadjusted in the memorandum suspense account. UNHCR had informed the Advisory Committee that it was considering changes to meet the Board's concerns.

14. In the United Nations General Fund, the trial balance figures for both accounts receivable and accounts payable were substantially higher than the corresponding figures in the financial statements. IMIS had been unable in some cases to match amounts received with the corresponding items of accounts receivable, and the identity of debtors and creditors had not been available in many cases. The Board had also questioned the Administration's ability to collect overdue accounts receivable and maintain proper control of accounts payable. It recommended that Release 3 of IMIS should be modified to correct those deficiencies. There had been delays in reconciling inter-office vouchers (IOV) at United Nations Headquarters and at the United Nations Office at Geneva (UNOG), the Economic and Social Commission for Asia and the Pacific (ESCAP) and the United Nations Environment Programme (UNEP). Also, when the net balance of the IOV clearing account was shown, the financial statements did not disclose the full extent of pending inter-office transactions.

15. Turning to management issues, he said that the Board's review of major contracts entered into by the United Nations had revealed a number of deficiencies. The Board recommended that all major maintenance works should be planned sufficiently in advance to avoid exigency contracts, allowing adequate time for the approval process and for competitive bidding. It recommended that UNDP in

particular should prepare a plan for its maintenance and operation work.

16. A number of procurement deficiencies had also been found in ESCAP, the Economic Commission for Latin America and the Caribbean (ECLAC), the United Nations Office at Nairobi (UNON) and the United Nations Office for Project Services (UNOPS). Furthermore, all direct purchases by UNJSPF had been made through the miscellaneous obligating document procedure, which did not require competitive bidding. The Board recommended that the provisions of the Procurement Manual should be complied with and economies of scale obtained whenever possible. The new Procurement Manual should include guidelines on open tendering and specify the frequency with which the Supplier Review Committee should review the evaluation of potential suppliers.

17. The Board had noted a number of areas where programme management could be improved, for example in ITC, UNEP and UNHCR. Programme delivery by the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) had ranged between 43 and 64 per cent, and the European Gaza Hospital had been completed with a cost overrun of $11.2 million, which had been funded from the General Fund; the hospital had still not been operational in December 1997.

18. There had also been a decline in the implementation level of the general resources programmes in UNICEF, time overruns in the projects of the United Nations Centre for Human Settlements (Habitat), and time lags between the operational and financial closure of projects in UNDP, UNFPA, UNEP and Habitat. The Board recommended that measures should be taken to correct those deficiencies and that a time-frame should be established for the financial closure of projects soon after their operational closure.

19. With respect to human resources management, the Board noted that a fully integrated career development system had not been established by June 1998. In the Economic Commission for Africa (ECA), only 20 per cent of staff members holding regular budget posts were engaged in programme activities, while 73 per cent worked in general administration and management and support services. While field office staff had increased substantially in UNFPA, the number of headquarters staff remained static.

20. A number of inadequacies in the hiring of consultants by the United Nations and the regional economic commissions had persisted (A/53/217, paras. 41–43). The Board recommended full compliance with the instructions on the engagement of consultants. While there had been some improvement in the United Nations University in the appointment of consultants from developing countries under institutional consultancy agreements, their representation under special service and personnel service agreements remained low. In the case of special service agreements, three developed countries accounted for 46 per cent of the total. In UNICEF, 40 per cent of payments under 57 special service agreements had been made without the required evaluation reports. The Board recommended that the established procedures for the evaluation of the performance of consultants should be fully complied with.

21. On the questions of capital asset funds and management of premises, the Board noted that in UNICEF funds earmarked for capital assets had been reprogrammed without the approval of the Executive Board and that there had been cost overruns ranging from 29 to 287 per cent of the contract price. The Advisory Committee had urged that the income from the United Nations University building at Headquarters should match expenditure on its maintenance and operation. That goal had not been achieved during the 1996–1997 biennium.

22. The Board had assessed the preparedness of United Nations organizations to manage the year 2000 issue; significant progress was still required in some cases. Since a number of organizations were relying on IMIS to make their information technology year 2000 compliant, IMIS must be implemented without delay. Furthermore, all data interfaces with systems which were not year 2000 compliant should receive attention.

23. UNOG and UNOV provided common services free of charge to some organizations, which thus had no incentive to moderate their demands. One particular source of concern at UNOG was that 31 per cent of documents had been distributed after the corresponding meetings had concluded. In UNJSPF at Headquarters and at UNOG there was a need for cashier and other functions to be reorganized so as to facilitate sound internal checks. UNEP had signed an agreement with the European Space Agency in November 1994 without establishing how the Mercure satellite communications project would relate to the United Nations global network and without formal authority to sign agreements on behalf of the United Nations. UNEP had still not benefited from the project two years after the expected date of completion and an investment of more than $6 million. The Board recommended an urgent review of the project, and the Advisory Committee had recommended that the Secretariat should be involved in the review and that the results of the review should be submitted to the General Assembly at its fifty-fourth session.

24. The Board had been provided with information about 111 cases of fraud or presumptive fraud involving eight organizations. Approximately $549,098 of the $2,765,756 involved had been recovered; disciplinary measures had been taken against some staff members and other cases were under investigation.

25. In its management review of the work of the International Civil Service Commission (ICSC) (A/52/811), the Board had found: that the ICSC secretariat, in assessing the competitiveness of common system salaries for the Professional category and above, had not included health and pension benefits in its comparisons; that salary margins at the higher level had been eroded and were sometimes negative, whereas at lower levels the margin had been around 130 in 1997; that existing salary structures tended to reward length of service and seniority rather than merit; and that there were frequent changes in the criteria for determining out-of-area weights for headquarters duty stations.

26. The Board had also found that the exclusion of important social benefits in the establishment of General Service salary structures was against the spirit of the Flemming principle, resulting in overcompensation at some duty stations and undercompensation at others. It considered that there had been slippages in the delivery schedules of assignments mandated by ICSC and the General Assembly, and that the variety of information systems existing within the organizations of the common system had prevented the ICSC secretariat from accurately computing the resource implications of any proposed change in rates of pay and allowances.

27. The Board recommended that the ICSC secretariat should: make proposals for the establishment of a total compensation methodology for assessing the competitiveness of common system salaries for Professional staff in relation to those of the comparator; review the use of the regression technique to avoid anomalies; establish a personnel database for the common system, including data on staff deployment and salary allowances; and introduce a computerized integrated management information system in coordination with the organizations of the common system with a view to improving current procedures for data collection, transmission and processing. The introduction of the computerized system should be preceded by the identification and quantification of savings in terms of reduced staff and other costs as a result of automation.

28. **Mr. Connor** (Under-Secretary-General for Management), introducing the Secretary-General's report on implementation of the recommendations of the Board of Auditors (A/53/335 and Add.1), said that it described implementing measures with regard to the 13 main recommendations and 16 other recommendations in the Board's report. The Secretary-General also responded to another 4 recommendations by the Board regarding earlier recommendations which had not been fully implemented.

29. In connection with the earlier recommendations, the Secretary-General had issued comprehensive guidelines for the use of consultants (A/53/385), together with reports on human resources management (A/53/342) and human resources management reform (A/53/414) setting out career development policy. The guidelines and the human resources reports would also be helpful in implementing the recommendation contained in paragraph 11 (h) of the Board's current report (A/53/5, vol. I, chap. II).

30. Other examples of a correlation between the Board's recommendations and the Administration's vision were the recommendations relating to year 2000 compliance (para. 11(m)) and various issues concerning the Integrated Management Information System (IMIS) (paras. 11(b), 11(c) and 215–218). Similarly, the Board's recommendations on payments by users of common services (para. 11(j)) and performance indicators for conference services (para. 11(k)) had resulted in those issues being raised in the context of the Organization-wide review of common services.

31. The Administration attached priority to timely and comprehensive implementation of each recommendation it concurred with. It would continue to study the recommendations contained in paragraphs 11 (a), 11 (l) and 98, whose feasibility was under review, and that in paragraph 23, the implementation of which was contingent on the availability of resources. Progress in implementation would be reported to the Board every six months.

32. The responses to recommendations submitted by the executive heads of organizations, funds and programmes, as contained in document A/53/335/Add.1, would also be considered by the respective governing bodies. Responsibility for the implementation of recommendations lay with the executive heads, although the Secretariat was ready to provide assistance and would follow up on progress when monitoring the delegation of authority to funds and programmes. The final recommendations presented by the Board were the outcome of a continuous process of review, assessment and consultation between the auditors and the management in all areas of administration.

33. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions (ACABQ)) said that the Advisory Committee had considered a total of 20 reports, including the report of the Secretary-General on

internal control standards. The report in document A/53/513 covered the work of ACABQ on 18 reports of the Board of Auditors and the related reports of the Secretary-General.

34. In accordance with financial regulation 12.11, the Board was required to transmit its reports together with the audited financial statements to the General Assembly through the Advisory Committee. The Advisory Committee was mandated to forward those reports and financial statements to the General Assembly with any comments it deemed appropriate. It had therefore never been its practice to comment on every report or finding of the Board. It paid particular attention to recommendations on which the administrations and the Board had differing positions and recommendations which it felt needed strengthening or clarification.

35. The timing of the submission of reports of the Board to ACABQ and of their subsequent publication for review by the General Assembly continued to be of serious concern. The Advisory Committee would discuss the question, along with the Board's workload and related resources, later in the year.

36. Some improvement had been made in the submission of the reports of the administrations on actions taken or to be taken to implement recommendations of the Board. However, to facilitate monitoring of the implementation of those recommendations, the positions of the administrations must be spelled out more clearly. The Advisory Committee had noted that the Board had continued to improve the quality of its reports but had not had time to review more extensively the implementation of the Board's recommendations.

37. The Board had placed great emphasis on the need for the various administrations to take urgent measures to ensure that technology systems in use were year 2000 compliant. The Advisory Committee endorsed that position and recommended that a consolidated report should be prepared and submitted to ACABQ in May 1999 in order to enable it to monitor implementation of changes required for system compliance. On the question of compliance with United Nations system accounting standards, ACABQ had concluded that there was a need for review of a number of standards and would discuss the question with members of the Panel of External Auditors early in December. Action was already under way in the Administrative Committee on Coordination (ACC).

38. Over the years the Board, ACABQ and the General Assembly had placed great emphasis on the efficiency of the procurement process in the United Nations and its funds and programmes. Although many reform measures had been introduced and implemented, their effectiveness had yet to be evaluated. Accordingly, the Advisory Committee recommended that in the next audit cycle, the Board should conduct a horizontal evaluation of the efficiency and effectiveness of procurement reforms implemented to date.

39. In its last report, the Advisory Committee had commented on the efficiency, accountability and auditing of activities of implementing partners which executed programmes on behalf of funding agencies. The Advisory Committee noted that measures had been taken to enhance accountability, but many shortcomings remained to be addressed. The Board and the Advisory Committee stressed the importance of effective corrective measures on the part of the various administrations.

40. Since the reports of the Board were submitted to the General Assembly, the Assembly had the authority to determine their frequency. Currently, all audit reports except those of UNHCR and UNITAR were submitted on a biennial basis. The Advisory Committee had recommended that the remaining annual audit reports should be submitted biennially. There were many advantages to that procedure. First, it would enable the administrations concerned to have more time to implement recommendations of the Board. Secondly, it was less costly. Thirdly, it allowed ACABQ and the General Assembly to have a complete overview of the administrative and operational efficiency of the United Nations and its funds and programmes. For example, it enabled the Advisory Committee to gain comparative knowledge and to make a comprehensive assessment of the activities audited by the Board.

41. The Advisory Committee was gratified that UNITAR had agreed to switch to biennial auditing and had not found the reasons for the apparent reluctance of UNHCR to make a similar switch convincing. Biennial audit reporting was not incompatible with annual budgets; it simply meant that the accounts were closed at the end of the second year rather than the first. Moreover, unaudited financial statements could still be issued to member States, as was done by the United Nations and other funds and programmes. The Committee had recommended that UNITAR should issue such statements once a year. Lastly, administrations which had biennial audited financial statements and accounts maintained continuous dialogue with the Board, which regularly submitted management and audit queries that must be dealt with promptly by the administrations. Under the circumstances, the Advisory Committee was of the view that there was no compelling reason for delaying the switch of the reporting on the audit of UNHCR from an annual to a biennial cycle.

42. Introducing the report of the Advisory Committee on internal control standards (A/53/508), he said that the Secretary-General had submitted his report directly to the General Assembly on his own initiative, although during the fifty-second session he (Mr. Mselle) had recommended that the report should be examined by ACABQ. The Advisory Committee had exchanged views with members of the Audit Operations Committee and had heard testimony from the Under-Secretary-General for Management. For the reasons set out in paragraph 6 of its report, the Advisory Committee had concluded that it was not advisable to amend article X of the Financial Regulations of the United Nations, as proposed by the Secretary-General. ACABQ supported the guidelines but felt that they should be used by the Secretariat as guidelines in the formulation and improvement of specific internal control instruments of the United Nations.

43. Finally, among the subjects ACABQ would discuss with the Panel of External Auditors was the applicability to United Nations organizations of the Guidelines for Internal Control Standards approved by the International Organization of Supreme Audit Institutions.

Agenda item 144: Report of the Secretary-General on the activities of the Office of Internal Oversight Services *(continued)* (A/51/432, 530 and Corr.1 and 801; A/52/426 and 464; A/53/428)

44. **Mr. Abdullah** (Bahrain) said that the Office of Internal Oversight Services was playing an outstandingly important role in introducing new mechanisms into the work of the Organization, which were much needed by the Secretariat in its monitoring and administrative activities. His delegation had two brief observations to make, the first of which concerned the OIOS proposal on reduction of the staff of the Office to Combat Desertification and Drought. His delegation considered that the current staffing level was below what was required and should remain unchanged because of the political situation, which remained sensitive. The second observation concerned the excess payments of mission subsistence allowance to the Iraq-Kuwait Observation Mission. Although a large portion of the excess payments would not be recoverable, whatever could be reclaimed should be retrieved without delay.

45. **Ms. Silot Bravo** (Cuba) reiterated her delegation's interest in the review of General Assembly resolution 48/218 B and drew attention to her statement on that topic made at the 25th meeting of the Committee.

46. **Mr. Sial** (Pakistan), referring to the OIOS comments on staffing levels, said that he would be interested to learn more about the mechanisms OIOS used when making such recommendations. He had noted an apparent concentration of recommendations in some areas while none were offered in others, as illustrated by the table on page 11 of the current report (A/53/428, annex). It appeared that the functions of OIOS were not evenly balanced and that a selective approach was being taken to the application of resolution 48/218 B.

47. **Mr. Paschke** (Under-Secretary-General for Internal Oversight Services), replying to the Syrian Arab Republic and a number of other delegations on the question of the streamlining of the administrative structure of the United Nations Sudano-Sahelian Office (UNSO), said that the OIOS recommendations had been based on the results of an audit analysis which had indicated that there was room for more efficiency and synergy and a modest staff reduction. Many delegations had expressed the view that, because the political situation in the region was sensitive, the staffing of that Office should not be changed. He emphasized that the recommendation had been based solely on management and efficiency criteria and that the Administration would, of course, take the political situation and the views of Member States into account when making its final decision. The issue of mission subsistence allowance payments in the United Nations Iraq-Kuwait Observation Mission (UNIKOM) was currently under review with all the relevant entities of the Secretariat; he would report further after a management decision had been taken.

48. In reply to the representative of Cuba, he explained that the mandate of his Office required him to examine the adequacy of staff resources. The comments on staffing levels should not be taken as a request for additional resources but rather as a means of bringing his views on staffing levels to the attention of management. The reference to the Montreux conference had been made simply in passing, by way of illustration.

49. With regard to the situation of the funds and programmes, he said that senior management had initiated a dialogue with OIOS on ways to improve internal oversight. The topic of recommendations requiring legislative action would be addressed in the discussions on the review of OIOS. It should be possible to devise practical procedures to facilitate that review.

50. **Mr. Sulaiman** (Syrian Arab Republic) said that his question concerning the Office to Combat Desertification and Drought had been about the reduction in staff, not about streamlining, and related specifically to the basis on which the Under-Secretary-General had made his proposal for a reduction. His delegation had not received an answer to that question. With reference to paragraph 82 of the current report of OIOS (A/53/428, annex), he asked what was meant

by the reference to a duty station in Israel. With regard to paragraph 143 of the same document, he asked whether the General Assembly would receive further information on the inquiries before they were concluded.

51. His delegation wished to comment on the statement by the representative of the United States of America concerning a meeting that had taken place outside the framework of the United Nations and had resulted in the cancellation of a meeting of the Fifth Committee. It asked representatives to restrict their observations to documents that had been submitted to the Committee. The assessment of the role of OIOS was being made in the light of resolution 48/218 B, and his delegation would not take into consideration any meeting or consultation held outside the framework of the United Nations and would not follow any recommendations or conclusions arising from such meeting or consultation.

52. Questions and answers concerning OIOS were necessary because the process of assessing the Office was an important means of strengthening its role. He referred to several instances in which the Office had exceeded its role as specified in resolution 48/218 B. Accordingly, his delegation considered that the review process was a highly important means of adjusting the focus of the work of OIOS and would play an effective part in the success of the assessment process during the subsequent informal consultations.

53. **Ms. Silot Bravo** (Cuba) said that her delegation welcomed the recognition by the Under-Secretary-General for Internal Oversight Services of the need to draw a distinction between recommendations falling within the competence of OIOS and recommendations requiring legislative action.

54. The comment by the Under-Secretary-General that he was required to indicate the adequacy of the resources available to the Office did not justify the requests for posts. Specifically, the request for a regular budget post to replace an individual provided gratis to handle the system of regular compliance monitoring was inappropriate, since there was established machinery for such situations. Similarly, the request for additional posts for the Audit and Management Consulting Division must be considered in the context of the programme budget.

55. The references in the current report on the activities of OIOS (A/53/428, annex) to a conference held at Montreux were inappropriate, as the conference had not been a mandated intergovernmental meeting. Any effort to use the findings of that conference would prejudge debate in intergovernmental forums. Only the findings of mandated intergovernmental forums could be considered.

56. **Mr. Paschke** (Under-Secretary-General for Internal Oversight Services), responding to the representative of the Syrian Arab Republic, said that while the audit of the rental subsidy scheme in Israel had not found inappropriate payments, excessive rental subsidy payments could have been avoided had a maximum rental level been established. Accordingly, OIOS was recommending consolidation of the two rental schemes at Headquarters and in Israel to ensure equitable treatment of the staff members concerned and to simplify administrative procedures. As for streamlining, it was sometimes synonymous with post reduction, and in that connection he referred the representative of the Syrian Arab Republic to comments he had made earlier. He had also commented already on the appropriateness of mentioning an ongoing investigation in the annual report. The reference in question was inoffensive and would not prejudice due process for the staff members concerned. It had been included because he was required to report on all matters that absorbed a considerable percentage of his Office's resources. He would be happy to brief the representative of the Syrian Arab Republic if further information was desired. Responding to the representative of Cuba, he said that every effort would be made in the future to avoid the inclusion in the report of material considered inappropriate for consideration by the Fifth Committee.

57. **Mr. Schlesinger** (Austria), speaking on behalf of the European Union, said that it was the duty of OIOS to enhance the efficiency and cost-effectiveness of the Organization. Making recommendations on streamlining administrative structures, including on post reductions, was therefore within its purview. While there was no doubt that it was for Member States to take the final decision, the European Union believed that it was entirely appropriate for OIOS to make recommendations on such matters.

58. **Mr. Sulaiman** (Syrian Arab Republic) said that his delegation had some further remarks to make but would keep them for the informal consultations. It agreed with the preceding speaker that OIOS could make whatever recommendations it wished, provided that they were not implemented without the approval of the General Assembly. That question was connected with the earlier discussions as to whether the Office made its recommendations for the information of the Assembly or for its approval and whether, if there was any subsequent objection, it might be said that the Fifth Committee had taken note of the report of the Office. His delegation was therefore anticipating matters; many of the recommendations would be implemented without their being approved by the General Assembly, and

for that reason the matter had to be raised in the interests of clarity.

59. **Mr. Jaremczuk** (Poland) said that his delegation fully supported the views expressed by the representative of Austria on behalf of the European Union.

60. **Mr. Moktefi** (Algeria) said that the mandate of OIOS was clear and specific and that it was for the General Assembly to take decisions on all recommendations.

61. **Mr. Schlesinger** (Austria) said that he wished to emphasize that OIOS recommendations on post reductions would need General Assembly approval, but that was not true of all OIOS recommendations.

The meeting rose at 11.55 a.m.

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Summary record of the 28th meeting
Held at Headquarters, New York, on Monday, 16 November 1998, at 3 p.m.

Chairman: Mr. Abelian ..... (Armenia)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Mselle

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Agenda item 12: Report of the Economic and Social Council

This record is subject to correction. Corrections should be sent under the signature of a member of the delegation concerned *within one week of the date of publication* to the Chief of the Official Records Editing Section, room DC2-750, 2 United Nations Plaza, and incorporated in a copy of the record.

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98-82403 (E)

The meeting was called to order at 3 p.m.

Agenda item 119: Human resources management (*continued*) (A/53/266, A/53/327, A/53/342, A/53/375 and Corr.1 and Corr.2 (French only), A/53/385, A/53/414, A/53/501, A/53/502, A/53/526 and Add.1, A/53/548, A/53/642, A/53/814 and A/C.5/52/2; A/C.5/53/L.3)

1. **Ms. Cardoze** (Panama), speaking on behalf of the Rio Group, said that the Group associated itself with the statement made by the representative of Indonesia on behalf of the Group of 77 and China. She regretted that the report of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) on the report of the Secretary-General on human resources management reform (A/53/414) had not yet been made available to delegations. In view of the importance of human resources management reform for the success of the Organization in the new millennium, the Rio Group would closely examine reports submitted pursuant to section VII of General Assembly resolution 51/226. She noted the progress made to achieve the level of 70 per cent of permanent appointments in posts subject to geographical distribution and, called for increased representation from Latin America and the Caribbean in posts in the Professional and higher categories. She was especially concerned about the lack of equitable geographical distribution at the higher levels in peacekeeping operations and field commands.

2. She expressed concern at the slow progress made in increasing the representation of women in the organization, called on the Secretary-General and the Assistant Secretary-General for Human Resources Management to meet the objectives of gender equality and the mainstreaming of gender issues in the work of United Nations system, and reaffirmed the commitment of the Rio Group to those objectives.

3. With reference to the report of the Secretary-General on human resources management reform (A/53/414), she first stressed the importance of accountability to guarantee the efficiency and transparency of operations; it was essential that the rules on accountability should be clear and that there should be specific criteria, particularly with regard to the delegation of authority. Second, she emphasized that the recruitment and placement processes must be based on merit, geographical distribution and gender balance. The system must be reformed to speed up that process, and she noted with interest the measures described in paragraphs 23 and 24 and section C of the report, pointing out the need to give greater responsibility to programme managers once the accountability and operational processes were clearly established. Third, staff development assumed even greater importance at a time when the Organization was redistributing its human resources and she called for the allocation of additional resources for that purpose. Fourth, she believed that the introduction of a system of managed reassignments, a more flexible post structure and a reward system (A/53/414, paras. 45–47) were positive steps. A more flexible post structure should not, however, be interpreted as a mechanism which would create greater distortions between active responsibilities and job descriptions. There should therefore be some harmonization of the roles of administrative staff at all levels Professional staff, General Service staff and locally recruited staff doing Professional level work.

4. The issue of career prospects must be studied in greater depth and its scope must be broadened. Steps must also be taken to guarantee an objective, impartial, balanced and transparent merit-based system which would provide opportunities for career development. Noting the recommendations in the report of the Secretary-General on performance management (A/53/266), she said that the advantages and disadvantages of any performance-based incentive system must be closely examined. She noted with interest paragraph 28 (f) of the report, but cautioned that a performance-based system could not in any way replace fair remuneration nor affect opportunities for advancement and promotion.

5. The Rio Group was concerned about the threats to the safety of United Nations personnel described in the report of the Secretary-General on the respect for the privileges and immunities of officials of the United Nations and the specialized agencies and related organizations (A/53/501) and stressed that it was the Organization's responsibility to guarantee the necessary level of safety for carrying out the work of the United Nations, not only at Headquarters, but also in the field or during missions.

6. **Mr. Nee** (United States of America) said that his delegation welcomed the report of the Secretary-General on human resources management reform (A/53/414) in which he described the progress made and the tasks that lay ahead. The best guarantee that the Organization would succeed in empowering staff, in an enlightened regime of performance assessment and accountability, would be for it to adhere to the fundamental principles of transparency, due process, fairness and respect for diversity, while at the same meeting the requirements of geographical and gender balance. In that connection, he was gratified at the steady progress being made in the development of the performance appraisal system and commended the Secretary-General for his step-by-step approach to instituting performance awards or bonuses. It was critical that the new system should be functioning well and be perceived as fair; otherwise an award system could have a negative effect on staff morale and motivation.

7. The delegation of authority was the keystone of the new human resources management system since it would allow staff members to take action and exercise initiative within the scope of their designated responsibilities. It was part of the streamlining which would make the Organization's operations more efficient, but he cautioned that there should be no loss of internal control and that, whatever the level of decision-making, appropriate checks and balances must be in place.

8. His Government was committed to honouring its treaty obligations as host country to the United Nations and would not in any way restrict official travel by United Nations employees in the furtherance of their official business. However, it reserved the right to restrict purely recreational, private travel within United States territory by certain United Nations officials or staff members, for reasons of national security, as noted in paragraph 73 of the report of the Secretary-General on the privileges and immunities of officials of the United Nations and the specialized agencies and related organizations (A/53/501). In that connection, his delegation was deeply disturbed by the incidents described in the Secretary-General's report and commended the Secretary-General for his commitment to improving the security of all United Nations personnel.

9. He shared the concerns expressed by other delegations with regard to the inordinate length of time taken to recruit a staff member. He was pleased to learn that changes were under way to eliminate unnecessary steps in the recruitment process and urged the Secretariat to move quickly to complete the overhaul of the recruitment process.

10. Organizational change which took place in a vacuum of information could often lead to uncertainty and even anxiety among the staff, and he commended the Secretary-General and the Assistant Secretary-General for Human Resources Management for their efforts to ensure dialogue with the staff throughout the United Nations system. He thanked the Secretary-General for sharing his vision for human resources management and the steps being taken to make that vision a reality, and assured him of his delegation's wholehearted support. The important tasks which the United Nations would be called upon to carry out in the next millennium would require it to have a framework for staff recruitment, training and career development equal to that of the best-managed organizations, private or public and his delegation looked forward to being a partner in bringing that about.

11. **Mr. Darwish** (Egypt) expressed his delegation's support for the statement made by the representative of Indonesia on behalf of the Group of 77 and China. He noted with satisfaction the key elements of the Secretary-General's strategy for human resources management reform in an overall context of rationalization and enhanced effectiveness, notably the provision of progressive, competitive conditions of service; clearly defined organizational values and competencies; the development of appropriate policies and guidelines; the refocusing of the role of the Office of Human Resources Management; continuous learning as a priority issue; the fostering of an atmosphere of trust between staff and managers; and an integrated system of human resources planning (A/53/414, para. 9).

12. With respect to the empowerment of managers, his delegation attached importance to the definition of suitable mechanisms for rewarding success and sanctioning failure. Furthermore, mechanisms for making any necessary corrections or adjustments in the area of human resources management speedily and effectively were essential. In that connection, his delegation attached great importance to the improvement of the internal system of justice, which it regarded as a major factor relating to accountability. Stronger links between the internal system of justice and human resources management would be a useful aid to identifying problems and deciding on appropriate action.

13. Concerning the engagement of consultants, it was distressing that there had been some instances when the relevant rules and guidelines had not been fully adhered to. It was important to ensure that the rules and guidelines were applied, having due regard for the principle of geographical distribution.

14. His delegation attached great importance to the issue of the privileges and immunities of officials of the United Nations and the specialized agencies and related organizations and the safety of peacekeeping and humanitarian personnel, recognizing the importance of their functions. All such persons, including those locally recruited, contributed to the achievement of international peace and security and the alleviation of human suffering. Despite their admirable work, however, increasing numbers of them were suffering imprisonment, abduction, material loss, injury and even death in the course of their duties. His delegation applauded the Secretary-General's commitment to improving the security of all United Nations personnel, and concurred in the view that the situation represented a serious challenge requiring the unstinted help of the international community to ensure that all possible measures were taken for the protection of staff.

15. It concurred in the view expressed at the 24th meeting by the Assistant Secretary-General for Legal Affairs, in introducing the report of the Secretary-General (A/53/501), that there should be a single coordinated resolution covering

both the safety and security and the privileges and immunities of officials of the United Nations and the specialized agencies and related organizations, and humanitarian personnel. The preparation of several draft resolutions covering different aspects of what was essentially a single issue would place an unjustifiable burden on the Secretariat. In his delegation's view, all matters pertaining to staff members and their dependants were within the jurisdiction of the Fifth Committee, including matters relating to their safety, security, privileges and immunities. All such matters had to do with human resources management, which was one of the main items on the Fifth Committee's agenda. It was essential for all staff members to observe the Secretary-General's guidelines, especially with respect to the performance of their duties. At the same time, all necessary steps must be taken to ensure their safety in the performance of those duties.

16. His delegation had learned in the course of the informal discussions that there had been instances of posts that had been left vacant until volunteers were found to fill them, and that, failing a volunteer, the post was left vacant. Such a situation was an obvious source of problems and should be corrected.

17. **Mr. Yamagiwa** (Japan) said that the safety and security of civilian staff members must continue to be a priority for the entire United Nations system. He expressed concern at recent incidents, including the murder of a Japanese civil affairs officer and others in Tajikistan, and appealed to Member States which had not yet done so to accede to the Convention on the Safety of United Nations and Associated Personnel. He pointed out that, since 1994, his Government had been a participant in the regional security enhancement workshop programme of the United Nations Volunteers, which aimed, in particular, at raising awareness of safety and security issues. In that connection, he welcomed the establishment of the Trust Fund for Security of United Nations system staff in the field and announced that his delegation would make a contribution of $1 million to support security measures. Efforts to ensure the safety and security of United Nations personnel would also help to enhance the security of persons in need of assistance.

18. With regard to the employment of retirees, his delegation concurred in general with the recommendations contained in paragraph 34 of the report of the Office of Internal Oversight Services (A/53/642). It was of the view that the maximum period of six months per calendar year should be applicable to all retirees irrespective of whether they were receiving pension benefits, although some exceptions could be made if adequate justification was provided. He noted that in some cases retirees had been paid amounts in excess of the limits and felt that such irregularities should be addressed.

19. He noted with appreciation the Secretary-General's report on performance management (A/53/266). He believed that the principles to be followed in developing the system of performance awards described in paragraph 28 of that report was appropriate and concurred with the finding in paragraph 33 that immediate recognition of performance was a powerful incentive. Other forms of award, including the use of step increases, deserved full consideration at a later date. He cautioned, however, that, if the performance appraisal system was not carried out in a proper and appropriate manner, it could damage the trust that existed between staff and management, as well as among staff. His delegation therefore requested the Secretary-General to spare no effort to ensure proper implementation of the performance appraisal system.

20. With regard to the Secretary-General's report on human resources management (A/53/342), his delegation felt that there was insufficient information to support the conclusions of the Secretary-General on the question of geographical imbalance resulting from promotions of successful candidates in the competitive examination for promotion to the Professional category of staff members from other categories in the light of the limited information provided in paragraphs 48 and 49 of the report and requested the Secretariat to provide a breakdown by year and nationality of the 136 staff members so promoted.

21. As for career development, his delegation concurred with the policy statement in paragraphs 51 to 54, but pointed out that the idea of linking grades, mentioned in paragraph 46 of the report on human resources management reform (A/53/414), would require careful examination and that the effectiveness of training programmes for staff must be carefully evaluated.

22. Finally, his delegation noted the information provided on the feasibility of holding national competitive examinations in six official languages, as well as on efforts to achieve the level of 70 per cent of permanent appointments in posts subject to geographical distribution (A/53/342, sections XI and XIII). With respect to the latter, his delegation continued to oppose proposals to reduce the rate of permanent appointments to that category of posts.

23. **Ms. Aragon** (Philippines) said that the continuing financial crisis was undermining the Organization's capacity to implement mandated activities, and appealed to all Member States to pay outstanding dues promptly, in full and without conditions. Human resources, the most valuable United Nations asset, accounted for more than 70 per cent of the budget. The success of the Organization depended on the

quality of staff at all levels, and on a management environment that promoted greater teamwork. In that regard, the Secretary-General's human resource strategy to promote career growth and greater mobility and training was encouraging.

24. She supported the various points made by the Secretary-General in his statement to the Committee regarding the reform of human resources management. Central to that reform was the delegation of authority to programme managers, after proper monitoring mechanisms and procedures to ensure their accountability had been put in place and the necessary training had been provided.

25. The development of a comprehensive career development system emphasizing training and mobility was particularly important. Her delegation would like to know if the freeze on permanent appointments in order to achieve the 70 per cent level of permanent appointments in posts subject to geographical distribution had had any adverse effect on actual career development.

26. A planning system that would identify the availability or lack of Secretariat skills needed to carry out the mandates set by Member States was essential. In that connection, she asked whether the very costly Integrated Management Information System (IMIS) had in fact helped to enhance planning capacity.

27. The performance appraisal system (PAS) should be further revised to promote dialogue between staff and supervisors regarding the goals to be achieved and the basis on which individual performance would be assessed; the performance of supervisors should also be appraised by their subordinates, particularly in view of the Secretary-General's stated intention of delegating authority to programme managers. Performance awards or bonuses should be phased in as a way of improving the morale and productivity of the staff, and any underperformance by a staff member should be addressed at an early stage on in order to maintain staff morale.

28. It was extremely important to improve the status of women in the Secretariat and to achieve gender balance, which unfortunately seemed to be unattainable by the target date of 2000. Greater efforts should be made to recruit qualified women from the developing countries, particularly at the senior level.

29. The security and safety of United Nations personnel was also a matter of concern. All States should sign the Convention on the Safety of United Nations and Associated Personnel.

30. **Ms. Al-Nadiari** (Yemen) expressed support for the Secretary-General's efforts aimed at human resources management reform in the context of the overall reform and renewal of the Organization. The reform should be characterized by diversity, transparency and fairness, and should uphold the requirements for equitable geographical distribution and gender balance. The principle of accountability would ensure that the available resources were used to best advantage.

31. The annex to the Secretary-General's report on the activities of the Office of Internal Oversight Services (A/52/814) revealed that there had sometimes been shortcomings in connection with the engagement of consultants: for instance no proper rosters of candidates had been maintained and candidates' qualifications had not always been adequately examined. Such shortcomings should be corrected, having due regard for the principle of geographical distribution.

32. Her delegation attached considerable importance to the empowerment of managers and those responsible for programme implementation. Effective mechanisms for monitoring and following up the work of managers were an essential component of human resources management reform.

33. The reform process should feature broad consultation between the Organization and the Member States, so that any weakness could be identified and appropriate corrective action taken.

34. **Miss Marston** (Jamaica) said that her delegation continued to attach great importance to human resources management reform, particularly in view of the demands that would continue to be placed on the Organization. It welcomed the improvements made thus far to that end and took note of the work carried out by the Office of Human Resources Management in order to advance the reform process. Attention must now be focused on the implementation of programmes and the importance of balancing reform measures with the needs of the Organization's greatest asset, its staff, who must participate fully in the decision-making process.

35. The development of an organizational culture which stressed the principles of equity, innovation, high performance and managerial excellence would have a positive impact on the work of the United Nations. The performance appraisal system would ensure greater staff accountability; however, it must be periodically reviewed and adapted to the changing environment. The delegation of authority to programme managers would ensure their accountability for achieving results. Her delegation looked forward to receiving more details on the measures to be taken in order to increase

their accountability for human and financial resources. In that connection, it had some reservations concerning the new role of the Office of Human Resources Management and requested clarification.

36. She noted the strategic plan of action being implemented in order to meet the goal of 50/50 gender distribution by the year 2000 in all categories of posts within the United Nations system (A/53/376, para. 1) and the views of the International Civil Service Commission (ICSC) on the slow pace of progress in improving the representation of women in the Organization (A/53/30, paras. 280 and 281). Her delegation welcomed the Secretary-General's initiatives in that regard and was encouraged by developments at the D-1 level. It looked forward to the increased representation of women, particularly women from developing countries, at the senior and policy-making levels, and to more rapid progress towards the goal of gender balance.

37. It wished to be apprised of developments with regard to the proposed introduction of a probationary period for successful candidates in the internal competitive examination for promotion to the Professional category and the feasibility of holding the national competitive examinations in the six official languages. Such measures should have a positive impact on the representation of States that were currently under-represented or unrepresented. She expressed her delegation's support for the streamlining of the recruitment and placement process; that process must be transparent and take into account the need for equitable geographical and gender representation. In view of the large number of resignations and retirements, reform of the process was urgent.

38. While responsibility for career development should indeed be shared by the individual, management and the Organization, the proper environment must be created for staff advancement. In that connection, she expressed concern about the maintenance of fixed short-term contracts and stressed the need for the conversion of short-term contracts to permanent contracts and for greater movement from the G to the P level.

39. System-wide training should be implemented in order to ensure that staff members benefited from increased mobility across levels, functions, duty stations and field locations. She stressed the importance of consultation with the staff in order to determine individual development needs and of guaranteeing staff members accessibility to training. Accordingly, the scheduling of training courses should be reviewed and priority should be given to on-the-job training.

40. The administration of justice with regard to staff matters must be given serious attention. Her delegation believed that staff members had a right to fair and transparent hearings and to adequate representation. The improvement of staff-management relations must also be addressed in order to promote increased dialogue and less adjudication.

41. Lastly, her delegation welcomed the comprehensive policy guidelines on the terms of reference, selection, hiring and renewal of consultants (A/53/385). Those guidelines should ensure that core functions of the Secretariat were carried out by international civil servants.

42. **Mr. Kouliev** (Azerbaijan) stressed the importance of personnel questions and the need for a highly qualified United Nations staff, an effective management system and broad representation within the Secretariat. With regard to the latter, he drew attention to General Assembly resolution 51/226, which once again stressed the need for equitable geographical representation, in the Secretariat, particularly at the senior and policy-making levels. That was an issue of profound concern to his country, which, since its admission to the United Nations, remained unrepresented in the Secretariat. The problem had been highlighted by the President of Azerbaijan during a meeting with the United Nations leadership in July 1997 and by the Minister for Foreign Affairs of Azerbaijan in the general debate during the current session of the General Assembly. Despite serious financial difficulties resulting from the presence of 1 million refugees and internally displaced persons, the occupation of 20 per cent of its territory and its transition to a market economy, Azerbaijan had paid its assessed contribution (the amount of which was unjustifiably high) in a timely manner.

43. According to the report of the Secretary-General on the composition of the Secretariat (A/53/375, annex I, table 4), the mid-point range for Azerbaijan was 6.65 and the desirable maximum 14. While the representation of other members of the Commonwealth of Independent States had been increasing, national competitive examinations had been held in Azerbaijan only once in recent years. Moreover, owing to the lengthy recruitment process (estimated at 461 days), successful candidates from that examination had been forced to seek employment in the private sector. He urged the Secretariat to resolve the problem rapidly and to give due consideration to all Azerbaijani candidates.

44. **Mr. Sulaiman** (Syrian Arab Republic) expressed his delegation's support for the statement delivered by the representative of Indonesia on behalf of the Group of 77 and China and for the statement delivered at the 24th meeting by the Assistant Secretary-General for Legal Affairs concerning the need to adopt a coordinated resolution on the safety and security and the privileges and immunities of United Nations staff. In that connection, he also supported the remarks of the

representative of Egypt. Noting that at the previous session the Third Committee had recommended to the General Assembly a resolution on the protection of United Nations personnel (resolution 52/126), he requested the Chairman to inform the Chairman of the Third Committee that that question was within the purview of the Fifth Committee. The General Assembly had also adopted resolution 52/167 on the safety and security of humanitarian personnel, without reference to a Main Committee and was currently holding consultations on a draft resolution on the question. He requested the Chairman to indicate to the President of the General Assembly, in consultation with the Chairman of the Third Committee, if necessary, that questions relating to the security and safety and the privileges and immunities of United Nations officials should be dealt with by the Fifth Committee under the item on human resources management.

Agenda item 113: Programme budget for the biennium 1998–1999 (*continued*)

Utilization of the development dividend
(A/53/7/Add.4, A/53/374 and A/53/664; A/C.5/53/30)

45. **Ms. King** (Assistant Secretary-General for Economic and Social Affairs), introduced the report of the Secretary-General on the utilization of the development dividend (A/53/374). The eight proposals contained in the report had emerged from joint discussions in the Executive Committee for Economic and Social Affairs, which had been guided by the principles outlined in paragraph 21 of the report of the Secretary-General on the Development Account (A/52/1009). Following approval of the proposals and the launch of projects the Executive Committee would use a mechanism of joint monitoring.

46. The proposals were based on the concept of networking for development, which meant the full participation of Member States in the emerging global information network to extract benefits from globalization and avoid marginalization. The concept had been prompted by an awareness that many developing countries would not benefit from the global economy unless they were helped to connect to the major international information sources and that providing information technology was a low-cost solution to the integration of developing countries in the world economy. In the United Nations context, it would facilitate country-level follow-up to United Nations global conferences and would also enhance South-South cooperation. The concept also presumed better networking of experts, as distinct from the traditional dispatching of experts to work on specific technical cooperation projects: the changing nature of technical cooperation required problem-solving, sharing of lessons learned and more substantive contacts among experts.

47. In the proposals, project objectives had been clarified and brought into line with the three basic programme objectives for the utilization of the Development Account mentioned by the Secretary-General in his report on the Development Account (A/52/1009, para. 23). The proposals also referred to the relevant elements and subprogrammes of the medium-term plan; the expected results had been introduced to give an indication of the accomplishments to be achieved within the time-frame of project implementation. It was important to move ahead quickly on the proposals so that they could be implemented during the current biennium.

48. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the report of the Advisory Committee on the utilization of the development dividend (A/C.5/53/7/Add.4), said that the report of the Secretary-General represented a first attempt to programme resources for the Development Account. In future, such information should be provided in the context of the programme budget proposals. The comments of the Advisory Committee on the efficiency measures described in annex I to document A/52/1009 could be found in its first report on the budget proposals for the biennium 1998–1999. According to the Secretary-General, projects to be funded from the Development Account should be complementary and should not replace existing activities. Future reports of the Secretary-General should contain specific and clear information that would enable Member States to determine the extent to which the activities to be funded under section 34 of the programme budget were regional and/or interregional and would complement and not substitute for existing activities. For the reasons set forth in paragraph 7 of its report, the Advisory Committee recommended that the term "complement" should not apply to extrabudgetary funded programmes. In paragraph 8, the Advisory Committee pointed out the difference between proposals funded under section 21 and section 34 of the programme budget. Lastly, the Advisory Committee was of the view that performance indicators needed considerable refinement and that future estimates should contain fully costed project proposals; the current estimates did not include staff cost or maintenance costs.

49. **Mr. Schlesinger** (Austria), speaking on behalf of the European Union, referred the Committee to the statement he had made at the 39th meeting of the Second Committee, copies of which were available.

50. **Mr. Mihut** (Romania) expressed his delegation's support for the statement delivered by the representative of

Austria on behalf of the European Union in the Second Committee. From the outset, his delegation had supported the Secretary-General's Track II reform proposals, including the establishment of a Development Account.

51. Referring to the annex to the report of the Secretary-General on the utilization of the development dividend (A/53/374), he acknowledged the scarcity of available resources and the importance of all the projects which were aimed at strengthening capacity-building in the beneficiary countries. The Development Account was, however, intended to finance economic and social activities consistent with the programmes and subprogrammes of the medium-term plan. In that context, his delegation hoped that, during the next biennium, projects under programme 16, Economic development in Europe, would also be included.

52. **Mr. Theophylactou** (Cyprus) said that his delegation aligned itself with the position of the European Union. It shared the view of the Advisory Committee (A/53/7/Add.4, para. 6) that the projects proposed for the utilization of the development dividend should be regional and/or interregional in nature. The new projects must be funded as mandated activities and, once implemented, evaluated on the basis of relevant indicators. Special attention should be given to the least developed countries, particularly in Africa. Moreover, in a diverse and rapidly changing global economy and society, development projects at any level could be effective only if, in addition to the conventional approaches, they incorporated technological innovations, especially in the realm of information.

53. His delegation fully supported the proposed activities outlined in the report of the Secretary-General (A/53/374, para. 30), especially those relating to the use of electronic connectivity, the establishment of common databases in the networks, and increased access to basic research inputs. The networking for development concept could be better implemented in a regional context as a first step, and then applied more broadly. Cyprus was ready to offer its services in areas such as technical advice on telecommunications projects, fellowship programmes, and seminars and workshops.

54. **Mr. Yamagiwa** (Japan) said that, with the first half of the biennium 1998 1999 almost over, it was high time to agree on how to utilize the development dividend and begin to use the $13 million already allocated to the Development Account in the budget. There had been a regrettable delay in the submission of proposals for the utilization of the dividend.

55. His delegation believed that the dividend should be used not for projects that were oriented towards various United Nations secretariats and agencies, as suggested in the report of the Secretary-General (A/53/374), but for well-publicized projects that would directly benefit developing countries; in that connection, the views of developing countries should be taken into account. His delegation had already proposed an integrated project to create a global computer network for development, which would connect all agencies and Secretariat units involved in development and all Member States, including the developing countries, so that they could share the necessary information. There were some common elements between that proposal and the eight proposed activities listed in the report of the Secretary-General (A/53/374, para. 30).

56. **Mr. Kuznetsov** (Russian Federation) said his delegation felt that the preparation of a resource basis and the expenditure of funds in connection with the development dividend should be in accordance with General Assembly resolution 52/12 B. His delegation remained opposed to the imposition of new obligations on Member States within the framework of the regular budget. The Development Account must be used as a complementary instrument to help development, particularly that of developing countries. In that context, it believed that the projects proposed in the Secretary-General's report (A/53/374) were capable of helping developing countries, *inter alia*, through partnerships with other countries, including countries with economies in transition. It saw no need for a further report by the Secretary-General on the Development Account, but could agree that further work on the question by the General Assembly should be postponed.

57. **Mr. Atiyanto** (Indonesia) said that the Group of 77 and China had expressed its views on the question of the utilization of the development dividend in the Second Committee, but reserved the right to make a further statement on the subject in the Fifth Committee at a later date. It was his delegation's understanding that the Chairman of the Second Committee would submit the views of that Committee on the subject to the Fifth Committee. The Group of 77 reiterated its strong support for the work of the Coordinator on the topic and requested that the Fifth Committee schedule an additional meeting to discuss the related report of the Secretary-General (A/52/1009).

58. **Mr. Vantsevich** (Belarus) said that his delegation agreed with the concern expressed by the Assistant Secretary-General for Economic and Social Affairs in her statement. The issue was a complex one and could only be resolved when a consensus had been reached on the fundamentals. It was his delegation's view that the concept of the Development Account and the source of its financing must not be altered. The utilization of the development dividend must also remain as proposed in the Secretary-General's report. It was a

complementary resource for developing countries and, as stated in the Secretary-General's report, for the rest of the international community, including countries with economies in transition.

59. **Mr. Ivaschenko** (Ukraine) said that his delegation continued to believe strongly that the concept of development should not be limited only to the needs of the developing countries and that the development dividend should be utilized, as indicated in the Secretary-General's report, for worldwide development, including the development of countries with economies in transition. It fully supported the statement made on the subject by the representative of the Russian Federation and considered that the priority areas for the utilization of the Development Account should be discussed and defined substantively in the Second Committee.

Revised estimates resulting from resolutions and decisions of the Economic and Social Council at its substantive session of 1998 (A/C.5/53/2)

60. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that the financial implications of the resolutions and decisions adopted by the Economic and Social Council in 1998, costed in document A/C.5/53/2, would result in a reduction of the requirements against the 1998–1999 budget in the amount of $152,900. There were thus no additional requirements as a result of the resolutions and decisions of the Economic and Social Council.

61. **Ms. Buergo Rodriguez** (Cuba) said that she would like to have a breakdown of the sum of $110,500 referred to in paragraph 3 of the report (A/C.5/53/2), specifying the expenditures corresponding to each of the Special Rapporteurs. She also enquired what decisions had been taken by the General Assembly as a result of the report requested in resolution 52/220.

62. **Mr. Sach** (Director of the Programme Planning and Budget Division) said that the amount of $110,500 mentioned in paragraph 3 of the report related to four separate decisions taken by the Commission on Human Rights on 17 April 1998, decisions 24, 25, 33 and 60. The expenditures for the first three decisions amounted to $61,700 and for the fourth to $46,400. The total requirement of $231,500 was offset by savings of $121,000 resulting from the discontinuance of the activities relating to assistance to Guatemala in the field of human rights. The net requirement thus amounted to $110,500, which would be absorbed against savings expected from higher than expected vacancy rates under section 22 of the programme budget.

63. The report requested in General Assembly resolution 52/220 had been submitted on 9 March 1998 (A/C.5/52/42). To the best of his knowledge, no decision had been taken on it. The report had been requested in connection with the mandates for Special Rapporteurs. All activities being undertaken by Special Rapporteurs under section 22 of the budget had been mandated during the course of 1998. There were no unmandated activities involving Special Rapporteurs currently being undertaken by the Centre for Human Rights.

64. **Ms. Buergo Rodriguez** (Cuba) asked that information on the breakdown of the sum of $110,500, including specific information on each of the four decisions to which the Director of the Budget Division had referred, should be submitted in writing to her delegation. The Committee should finally have a general debate on the subject; it was regrettable that no action had been taken as yet. Her delegation requested that the Committee should take no decision on the question until the information it had requested had been received.

65. **Mr. Moktefi** (Algeria) said that his delegation would also like details on the subject, including the origin of the $110,500 referred to by the Director of the Budget Division.

66. **The Chairman** suggested that the Committee should postpone a decision on the item until the information had been received from the Secretariat.

67. *It was so decided.*

Administrative and financial implications of the decisions and recommendations contained in the report of the International Civil Service Commission (A/C.5/53/4)

68. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that the statement submitted by the Secretary-General on the item (A/C.5/53/4) indicated financial implications for the common system amounting to $9.8 million; the portion relating to the United Nations amounted to $2,453,000. The Secretary-General had indicated that that amount would be included in the first performance report for the biennium 1998–1999. The Advisory Committee concurred in that approach.

69. **Ms. Buergo Rodriguez** (Cuba) asked whether the recommendations of the International Civil Service Commission (ICSC) and the Secretary-General's recommendations on supplementary resources required against the regular budget resulting from the recommendations of ICSC would be taken into account in the first performance report for the biennium 1998–1999 and whether that was the established procedure.

70. **Mr. Sach** (Director of the Programme Planning and Budget Division) said that in nearly all instances the costs in question fell under the heading of salary or common staff costs. The Fifth Committee had traditionally taken the approach that such costs were best dealt with in the context of the first performance report.

71. **The Chairman** suggested that the Committee should consider and take action on the administrative and financial implications of the decisions and recommendations of ICSC in the context of its consultations on the report of ICSC.

72. *It was so decided.*

Conditions of service and compensation for officials other than Secretariat officials: members of the International Court of Justice (A/53/7/Add.6; A/C.5/53/11)

73. **Mr. Mselle**(Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the report of the Advisory Committee (A/53/7/Add.6), said that the latest salary adjustment, on 1 January 1991, had set the emoluments of members of the International Court of Justice at $145,000 per year. Since that date the consumer price index had increased by 19 per cent by the end of 1997, and by 20.2 per cent by August 1998. The Secretary-General recommended that the annual remuneration should be increased to $164,500 per year; the Advisory Committee recommended that it should be increased to $160,000 per year.

74. The Secretary-General recommended that the pension of a judge who had served a full term of nine years should be set at half the judges' annual salary at the time of retirement, a recommendation that would restore the pre-1991 regime. The Advisory Committee agreed with that proposal. However, for the reasons set out in paragraphs 18 and 19 of its report, the Advisory Committee did not recommend a continuation of current provisions affecting pension benefits for judicial service in excess of nine years. If its recommendation was accepted, it should be applied with prospective effect. The Secretary-General had proposed that the recommendation should be implemented in two stages, but the Advisory Committee recommended that it should be implemented in three stages.

75. The Advisory Committee recommended that pensions in payment should be automatically revised by the same percentage and on the same date as salary adjustments. The reasons for that recommendation were set out in paragraph 21 of its report.

76. Conditions of service for members of the other two Tribunals were dealt with in paragraphs 27 to 30 of the Advisory Committee's report. If the General Assembly accepted the recommendations of the Advisory Committee on the conditions of service of members of the International Court of Justice, then the related conditions of service of members of the other two Tribunals would also have to be adjusted in the manner indicated.

77. **Mr. Bond** (United States of America) said his delegation had found the residence criteria referred to in the Secretary-General's report confusing and noted that there was a disparity between the salary increases for members of the International Court of Justice recommended by the Secretary-General and those recommended by ACABQ. It hoped that informal consultations could be scheduled to discuss those questions.

Request for a subvention to the United Nations Institute for Disarmament Research resulting from the recommendations of the Board of Trustees of the Institute on the work programme of the Institute for 1999 (A/C.5/53/29)

78. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that the Advisory Committee recommended that the request for a subvention of $213,000, an amount already allocated under the item in the programme budget for the biennium 1998–1999, should be approved.

79. **Mr. Repasch** (United States of America), said that while he acknowledged that the amount in question was included in the budget, he wished to reiterate his delegation's opposition to the concept of subventions to non-United Nations institutes or centres. In that connection, he recalled the Secretary-General's conclusion (A/C.5/50/33) that activities under the budget should be carried out by the Secretariat and not by outside bodies.

80. **Mr. Atiyanto** (Indonesia) supported the approval of the amount requested.

81. **The Chairman** suggested that the Committee should recommend that the General Assembly approve the recommendation of a subvention of $213,000 from the regular budget of the United Nations for 1999, on the understanding that no additional appropriation would be required under section 2 B (Disarmament) of the programme budget for the biennium 1998–1999.

82. *It was so decided.*

Administrative and financial implications arising from the report of the United Nations Joint Staff Pension Board (continued) (A/53/511; A/C.5/53/3)

83. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions) recalled that he had introduced the Advisory Committee's report (A/53/511) at the 18th meeting of the Fifth Committee, at which time the Advisory Committee had had available to it the information set out in the report of the Secretary-General (A/C.5/53/3). The Advisory Committee approved the conclusions and recommendations of the Secretary-General contained in paragraphs 15 and 16 of his report (A/C.5/53/3): namely, that the programme budget would be reduced by $625,400 as the net effect of an increase of $487,100 under section 1 and a decrease of roughly $1.1 million under section 27.

84. **The Chairman** suggested that the Committee should consider and take action on the administrative and financial implications arising from the report of the United Nations Joint Staff Pension Board in the context of its consultations on that report.

85. *It was so decided.*

Agenda item 12: Report of the Economic and Social Council (A/53/3, chaps. I, VIII (sects. B and C) and X)

86. **The Chairman** suggested that the Committee should recommend that the General Assembly should take note of chapters I, VIII (sections B and C) and X of the report of the Economic and Social Council (A/53/3) which had been allocated to the Fifth Committee for consideration.

87. *It was so decided.*

The meeting rose at 5.30 p.m.

United Nations A/C.5/53/SR.29

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Chairman: Mr. Abelian ..... (Armenia)
later: Ms. Brennen-Haylock ..... (Bahamas)
later: Mr. Abelian ..... (Armenia)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Mselle

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Agenda item 111: Financial reports and audited financial statements, and reports of the Board of Auditors (*continued*)

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The meeting was called to order at 10 a.m.

Agenda item 163: Financing of the United Nations Observer Mission in Sierra Leone (*continued*) (A/C.5/53/L.14)

1. **Ms. Duschner** (Canada) introduced draft resolution A/C.5/53/L.14, entitled "Financing of the United Nations Observer Mission in Sierra Leone". The draft resolution had been agreed upon by consensus in informal consultations.

2. *Draft resolution A/C.5/53/L.14 was adopted.*

3. **Mr. Sial** (Pakistan) said that his delegation had joined the consensus on draft resolution A/C.5/53/L.14, which was a standard draft resolution on the financing of a peacekeeping operation. However, questions had been raised in the informal consultations as to how the "maximum of efficiency and economy" referred to in paragraph 4 was to be achieved. He hoped that the Secretariat would address the points raised in the informal consultations.

Agenda item 118: Scale of assessments for the apportionment of the expenses of the United Nations (*continued*) (A/C.5/53/35; A/C.5/53/L.13)

4. **Mr. Smyth** (Ireland), introducing draft resolution A/C.5/53/L.13, entitled "Scale of assessments for the apportionment of the expenses of the United Nations", said that the draft resolution had been agreed upon by consensus in informal consultations.

5. **Mr. Bond** (United States of America) said that his delegation had some misgivings about the draft resolution, which concerned the requests of Bosnia and Herzegovina, the Republic of the Congo and Iraq for exemption under Article 19 of the Charter. The decision taken by the Fifth Committee at its 5th meeting to grant two other exemptions to Article 19 without referring them to the Committee on Contributions might have arisen from a short-term imperative, but no such urgency existed in the case of the three requests currently in question. Thus, the decision to circumvent rule 160 of the rules of procedure of the General Assembly would cost the Organization over a quarter of a million dollars for no apparent reason.

6. His delegation had always supported the role of the Committee on Contributions in advising the General Assembly on requests for exemption. The General Assembly could make recommendations to the Committee on Contributions on how to adjust its work programme to deal with such requests. The hasty, ad hoc process that had taken place in the past few weeks was not an appropriate way to take important decisions. However, his delegation would accept the draft resolution on the understanding that the Committee on Contributions would take into consideration what it expected to accomplish during its special session and reduce its regular session in June by a proportional amount. He also hoped that consideration would be given to ways of dealing rationally and fairly with requests for exemption under Article 19.

7. **Mr. Zhang Wanhai** (China), supported by **Mr. Atiyanto** (Indonesia), said that his delegation would join the consensus on draft resolution A/C.5/53/L.13. All requests for exemption under Article 19 must be made through the appropriate procedures, and the principle of equal treatment for all Member States must be observed. He hoped that, in future, the consideration of such requests would be based on those two principles.

8. **Mr. Schlesinger** (Austria), speaking on behalf of the European Union, said that the decision contained in draft resolution A/C.5/53/L.13 represented a major improvement over the decision taken at the Committee's 5th meeting. He supported the involvement of the Committee on Contributions in the procedure for granting exemptions under Article 19. He thanked the three countries concerned for their flexibility during the Fifth Committee's deliberations, and said he hoped that the Committee would adopt a resolution establishing a procedure that would obviate the need for future special sessions of the Committee on Contributions.

9. *Draft resolution A/C.5/53/L.13 was adopted.*

10. **The Chairman** drew attention to document A/C.5/53/35, which contained the Secretary-General's statement on the programme budget implications of draft resolution A/C.5/53/L.13.

11. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions), orally introducing the report of the Advisory Committee, said that, in accordance with the draft resolution which the Fifth Committee was recommending for adoption, the General Assembly would request the Committee on Contributions to hold a special session of one week's duration as early as possible in 1999. Paragraph 4 of the Secretary-General's statement on the programme budget implications of that draft resolution (A/C.5/53/35) indicated that total expenditure of $271,800 would arise, comprising $94,800 for travel and subsistence of members and $177,000 for conference services. Since the costs of conference services could be met from resources already programmed under the programme budget for the biennium 1998–1999, only the travel and subsistence expenses remained to be met. The Advisory Committee recommended that the Fifth Committee should

inform the General Assembly that, should it adopt draft resolution A/C.5/53/L.13, an additional amount of $94,800 would be required under section 1A (Overall policy-making, direction and coordination) of the programme budget for the biennium 1998–1999.

12. **Mr. Bond** (United States of America) asked whether a reduction in the length of the June session of the Committee on Contributions would result in budgetary savings that would offset the costs of the special session.

13. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that the Advisory Committee did not mean that an additional assessment on Member States would necessarily be required. To the extent that savings could be identified to cover the costs of the special session, no additional assessment would be required.

14. **The Chairman** said he took it that the Committee wished to inform the General Assembly that, should it adopt draft resolution A/C.5/53/L.13, an additional appropriation of $94,800 would be required under section 1A (Overall policy-making, direction and coordination) of the programme budget for the biennium 1998–1999. That requirement would be considered in the context of the first performance report for the biennium 1998–1999.

15. *It was so decided.*

16. **Mr. Watanabe** (Japan) said it was very important that the Member States concerned should heed the invitation, in paragraph 3 of draft resolution A/C.5/53/L.13, to submit detailed information to the Committee on Contributions in explanation of their requests as soon as possible.

17. **Mr. Odaga-Jalomayo** (Uganda) said that his delegation had reluctantly joined the consensus on the draft resolution. In future, all requests for waivers of Article 19 must be submitted in accordance with rule 160 of the rules of procedure of the General Assembly. In general, all such requests should be submitted on time to the regular sessions of the Committee on Contributions so that the General Assembly could take informed decisions on them. Member States must work collectively to strengthen the application of Article 19. He understood that the special session of the Committee on Contributions would not be held at the expense of that Committee's regular session, which already had a very full agenda. At the special session, the Committee on Contributions should consider general aspects of the application of Article 19 so that it could concentrate on the scale methodology at its regular session.

18. **Mr. Dausa Cespedes** (Cuba) said that he supported the comments made by the representative of China. He regretted that, in taking the decision contained in draft resolution A/C.5/53/L.13, the Fifth Committee had taken an unequal and selective approach to the cases of different countries which had submitted the same type of request.

19. **Ms. Powles** (New Zealand) said she was pleased that the draft resolution just adopted reaffirmed the provisions of Article 19 of the Charter and of rule 160 of the rules of procedure. That represented an improvement over the events that had taken place earlier in the session, as it rightly brought the Committee on Contributions back into the process by which the General Assembly considered requests for exemption under Article 19. Lastly, she shared the views expressed by the representative of Uganda.

20. **Mr. Armitage** (Australia) said he was pleased that the Fifth Committee had decided to seek the advice of the Committee on Contributions in connection with requests for exemption under Article 19. That was a prudent approach, since the Fifth Committee should act on the basis of sound technical advice from the body which had been established for the purpose of providing such advice. That would also help to ensure that Article 19 remained a viable and effective instrument. He hoped that, in future, options less costly than that of a special session could be chosen. Lastly, he appreciated the patience shown by the three countries concerned.

21. **Mr. Bay** (Singapore) said that he appreciated the flexibility and the spirit of cooperation displayed by the three Member States in question. The Fifth Committee had taken more than a month to reach its decision, but that decision represented a step in the right direction. In view of the importance of adhering to rule 160 of the rules of procedure, he supported the reaffirmation in the draft resolution of the importance of channelling requests for exemption through the Committee on Contributions.

22. **Mr. Daka** (Zambia) said that he had joined the consensus on the draft resolution on the understanding that two wrongs did not make a right. He hoped that the draft resolution's emphasis on the importance of applying rule 160 would put a stop to back-door requests for exemption.

23. **Mr. Gotienne** (Republic of the Congo) said that he had some reservations about the rather hasty conclusions being drawn from the adoption of draft resolution A/C.5/53/L.13. It was dangerous to conclude that the draft resolution represented a definitive decision to apply Article 19 of the Charter and rule 160 of the rules of procedure strictly in the future; the text also contained a request for a special session of the Committee on Contributions, although that did not mean that Member States had decided to institutionalize such special sessions.

24. **Mr. Jaremczuk** (Poland) said that he fully shared the views expressed by the representative of Austria on behalf of the European Union.

25. **Mr. Atiyanto** (Indonesia) said he hoped that the Committee on Contributions would give favourable consideration to the requests for exemption under Article 19 submitted by Bosnia and Herzegovina, the Republic of the Congo and Iraq.

Agenda item 119: Human resources management (*continued*) (A/52/814; A/53/266, A/53/327, A/53/342, A/53/375 and Corr.1, A/53/385, A/53/414, A/53/501, A/53/502, A/53/526 and Add.1 and A/53/548; A/C.5/52/2; A/C.5/53/L.3)

26. **Mr. Zhang Wanhai** (China) said that he supported the statement on human resources management made by the representative of the Syrian Arab Republic at the previous meeting, especially with respect to the security of United Nations personnel, to which his delegation attached great importance. From a procedural viewpoint, that issue should be discussed in the Fifth Committee.

27. **Mr. Odaga-Jalomayo** (Uganda) said that the late issuance of some of the reports of the Secretary-General on human resources management made it difficult for delegations, particularly those of the developing countries, to contribute to the discussion of the item.

28. The impression given in the report of the Secretary-General on human resources management reform (A/53/414) that nothing worked in the Organization was unfair to the staff, which had kept the United Nations functioning under difficult circumstances. The Organization should adopt a more appropriate management style and hold staff accountable for results instead of for the process. In that connection, the Office of Human Resources Management (OHRM) should continue to be the focal point for ensuring that all staff received equal treatment through the application of the relevant rules and regulations.

29. On the question of the continuing reform of the Organization, he said that the United Nations was a unique organization; it was not a profit-making body and could not be run like a corporation or be based on models taken from a particular Member State or group of Member States. Its problems therefore could not be resolved by reforms which were largely confined to changes in management approaches and the mechanical transplant of models, techniques and institutional approaches that properly belonged to transnational corporations or national Governments. The vision of the founding fathers had been to create an organization that encompassed all the peoples of the world, regardless of sex, religious belief or nationality.

30. In order to secure the highest standards of efficiency, competence and integrity, the Organization must attract the best human resources through, *inter alia*, adequate remuneration, investment in training, the prompt filling of vacancies and the avoidance of discrimination on grounds of race, colour, religious belief or nationality.

31. The issues of gender equality and the treatment of minority groups, particularly those of African descent, within the Secretariat were of paramount importance to his delegation. Despite some movement in the right direction, the pace at which qualified female candidates were being appointed to posts at the senior and policy-making levels was regrettably slow. Moreover, while his delegation supported the concept of attaining gender balance within the Organization, it cautioned that that goal should not be achieved at the expense of the principle of equitable geographical distribution. Gender balance should not mean the recruitment of female staff from a particular geographical region; the recruitment of female staff, particularly at the senior and policy-making levels, should be based on as wide a geographical basis as possible. In that connection, his delegation noted with disappointment that, for certain regions, the number of female staff in posts subject to geographical distribution as a percentage of total female staff was very low, while for other regions it was much higher. It therefore called on the Secretary-General to take deliberate affirmative action to address that anomaly without undermining the efficiency, competence and integrity of the Organization and to provide the Committee with detailed information on the nationality of all female staff members currently occupying posts at the D-1 and higher levels.

32. Some delegations were also greatly disturbed by reports that staff members of colour, especially those of African descent, had the perception that they were being discriminated against. The United Nations was the last place in which one would expect to hear allegations of discrimination on the grounds of race. While commendable steps had been taken to rid the Organization of gender discrimination, it would be helpful to know what steps had been taken by OHRM to address allegations of discrimination based on colour or race. To date the questionnaires and results of the survey on racial discrimination in the Organization which OHRM had undertaken to conduct in 1996 had not yet been made available to the Committee. There was no smoke without a fire, and the whispers about racial discrimination which were being heard in the corridors of the United Nations meant that the practice existed. His delegation therefore called on the

Secretariat to conduct a joint staff-management investigation of the problem as early as possible and to submit its findings to the Committee. Measures similar to those which had been adopted to deal with the issue of gender discrimination should also be taken to put an end to discriminatory treatment in all its forms and manifestations.

33. *Ms. Brennen-Haylock (Bahamas), Vice-Chairman, took the Chair.*

34. **Mr. Dausa Cespedes** (Cuba) expressed concern that the Secretary-General's stated intention to delegate authority to programme managers did not take due account of the concerns of Member States which had been reflected in various resolutions on the subject, including in particular General Assembly resolution 51/226. Moreover, the report of the Secretary-General on human resources management (A/53/342) failed to set out appropriate procedures for evaluating the quality of the decisions of programme managers and the action that should follow when wrong or improper decisions were taken. Decentralization could not succeed until effective measures were taken in that area. Indeed, an effective system of accountability would help to improve the morale of staff and promote the transparency required for effective human resources management.

35. In that connection, his delegation would welcome additional information from the Secretariat on the steps that had been taken thus far to implement the decisions contained in section II, paragraphs 2 and 3, of General Assembly resolution 51/226. It also wished to know how the new proposals for human resources management conformed to the system of delegation of authority and accountability which the Secretary-General had outlined in his report on the establishment of a transparent and effective system of accountability and responsibility (A/C.5/49/1*). Increased delegation of authority, moreover, must be accompanied by the strengthening of the internal system of justice in order to guarantee that decisions taken were just, balanced and non-discriminatory.

36. He did not agree with the Secretary-General's proposal that staff promoted to the Professional category on the basis of competitive examinations should first serve a probationary period, since many of them already had permanent contracts. The performance of such staff could be measured by an effective system of evaluation.

37. Given the difficulties which staff continued to experience in securing promotion to the Professional category, his delegation would welcome information from the Secretariat on the implementation of General Assembly resolution 51/226, which provided that all staff members who had completed their probationary period should be considered for conversion to permanent appointment and that candidates who had been successful in the national competitive examinations should be placed within a period of one year.

38. With regard to the report of the Secretary-General on the composition of the Secretariat (A/53/375), his delegation noted with concern the imbalance in the geographical representation of developing countries at the senior and policy-making levels, despite the provisions of section III B, paragraph 3, of General Assembly resolution 51/226. The Secretariat should therefore take immediate steps to correct that situation and should provide additional information on the steps it had taken to ensure equitable geographical distribution and broader representation of staff within departments, as it had been requested to do in General Assembly resolution 49/222.

39. Despite the General Assembly's recommendation that no post should be considered the exclusive preserve of a particular Member State, experience had shown that certain posts were always held by nationals of the same State and that, in other cases, posts at the senior and policy-making levels rotated among nationals of the developed countries. Such a situation was unacceptable and the draft resolution to be adopted by the Committee should propose measures to redress that situation.

40. On the subject of the comprehensive guidelines for the use of consultants (A/53/385), his delegation was extremely concerned at the recommendation of the Office of Internal Oversight Services (OIOS) which appeared to subordinate the principle of equitable geographical distribution in the hiring of consultants to the achievement of savings. The recommendation violated the principles of the Charter and numerous resolutions of the General Assembly and called into question the commitment of the Secretary-General to ensure respect for the principle of equitable geographical distribution. The proposals of OIOS in effect limited the hiring of retired staff members resident in States in which there was no United Nations office; that also appeared to be a violation of the above-mentioned principles. Since retired staff members were recruited mainly for the servicing of conferences and in view of the difficulties experienced by the Department of General Assembly Affairs and Conference Services in that area, it would be helpful if a representative of that Department could explain what implications the recommendations would have for the Department's activities. He also asked whether in practice the hiring of retired staff members had affected the career prospects of current staff members.

41. **Mr. Ahounou** (Côte d'Ivoire) said that the effectiveness of the United Nations depended on the structural reform of the Organization and on the reform of its human resources management. No programme of reform could succeed, however, without the participation of the staff in the major decisions and approaches adopted. It was in that connection that he wished to make a number of observations.

42. On the subject of the recruitment of staff, he said that, while the system of competitive examinations — under which all candidates irrespective of nationality were placed in the same pool — allowed for greater equity, objectivity and transparency in the selection of personnel, the new system, by failing to set aside a quota of posts for each State, as had been done in the recent past, often had the effect of excluding nationals from developing countries, very few of whom sat the examinations in the first place. The quota system should therefore be maintained and nationals of the developing countries should also be considered for posts not filled by competitive examinations, namely, at the P-4 and higher levels.

43. On the subject of promotion, fewer and fewer nationals from African Member States were being appointed to senior posts within the Secretariat. A typical African staff member recruited at the P-2 level took an average of between 15 and 17 years to reach the P-4 level and very often retired before being promoted to the P-5 level, while other staff members took an average of 11 years to move up from the P-2 to the P-5 level. Indeed, many African staff members believed that they were denied opportunities for career advancement in the Organization and were relegated to subordinate positions, regardless of their qualifications, competence and experience.

44. The principle of equitable geographical distribution must be applied both quantitatively and qualitatively. Nationals of certain States had always held posts at the senior and policy-making levels to the detriment of nationals of other States. The same principle pursuant to which the Organization had taken special steps to improve the situation of women in the Secretariat should therefore also apply to the occupation of posts by the nationals of Member States. Apart from specific, short-term measures aimed at correcting particular situations of imbalance, the recruitment and career advancement of staff must be based solely on the criteria of competence, integrity and experience under a system that was transparent and fair.

45. In granting greater responsibility to programme managers for the career development of their subordinates, it should not be forgotten that situations of injustice and discrimination might arise, particularly given the multiracial and multicultural composition of the Organization. The Office of Human Resources Management should therefore be given general oversight responsibilities in matters relating to the recruitment and career development of staff members so as to prevent the development of ethnic or racial ghettos around certain of the Organization's programme managers.

46. *Mr. Abelian (Armenia) resumed the Chair.*

47. **Mr. Mirmohammad** (Islamic Republic of Iran) said that it was not clear whether the Secretariat had developed the required guidelines to apply effectively in a multilateral environment the universal norms and standards on career planning and human resources management and the principle of equitable geographical representation, or whether any systematic monitoring mechanism had been put in place to ensure the proper implementation at the departmental level of the relevant decisions of the General Assembly. For the system of delegation of authority to succeed, managers must be systematically trained and empowered to use their authority with the utmost care.

48. On the question of career development, the lack of opportunities for advancement could tilt the scales in favour of fixed-term and non-career staff, thereby depriving the Organization of the core institutional capacity that was so essential for ensuring the continuity and effectiveness of its work. While his delegation took note of the Secretariat's efforts to strengthen the performance appraisal system, that system should not be seen as a substitute for career development.

49. The lack of internal controls and other weaknesses of the system for the hiring of consultants were a further cause of concern. The use of consultants could hide imbalances in the geographical representation of staff, and the replacement of permanent staff by short-term staff and consultants undermined the Organization's institutional memory and affected the delivery of mandated programmes.

50. **Mr. Elmontaser** (Libyan Arab Jamahiriya), said that his delegation supported the statement made by the representative of Indonesia on behalf of the Group of 77 and China concerning the report of the Secretary-General on human resources management reform and looked forward to the issuance by the Secretariat of the reports requested by the General Assembly. His delegation had been concerned at the results of the audit of the use of consultants as reported in document A/52/814.

51. Referring to the report of the Secretary-General on the composition of the Secretariat (A/53/375), he said that priority should be given, in making appointments, to unrepresented and under-represented countries. His

delegation regretted that the information given in the report was incorrect in suggesting that his country was one of those whose representation was within the desirable range. Certain names that were listed in error under the name of his country, for example in documents ST/ADM/R.50 and ST/ADM/R.51, had been taken into account in calculating the desirable range. That was a matter of regret for his delegation; he asked the Secretariat to correct its statistics immediately and to inform his country of the reasons for the errors. He also asked for the equitable representation of his country in the making of appointments.

52. He hoped that particular importance would be given to training and improving the skills of the staff, particularly in the area of languages and in the utilization of the services afforded by technology and the Internet with regard to translation and interpretation.

53. In conclusion, he called for an increase in the ratio of appointments subject to geographical distribution and for the use of criteria in addition to those currently used for defining the desirable range for the purposes of the geographical distribution of staff. For example, the benefit accruing to certain Member States by reason of the substantial financial resources they received from the appointment of their experts and retired staff members, as well as from the major contracts they secured in the field of services, consultancies and so forth should be factored in.

Agenda item 111: Financial reports and audited financial statements, and reports of the Board of Auditors (*continued*) (A/52/5 (Vol. II), A/52/811, A/52/867 and A/52/879; A/53/5 (Vol. I, III and IV), A/53/5/Add.1–10, A/53/217, A/53/335 and Add.1, A/53/508 and A/53/513)

54. **Mr. Schlesinger** (Austria), speaking on behalf of the European Union and the associated countries Bulgaria, Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia, said that the European Union noted the dramatic increase in the workload of the Board of Auditors and, in that context, supported its proposal to seek additional resources in support of its operations. It was also very concerned about the late publication of the Board's reports and requested that they should be published before the start of the regular session of the General Assembly. The European Union wished to underline its continued support for the role of the external auditors in identifying problems in the financial management and administration of the United Nations system, and expressed its concern about the continued slow implementation of the Board's recommendations. It supported the Board's proposal, endorsed in General Assembly resolution 52/212 B on the accountability of programme managers or department heads in the implementation of recommendations. It also supported the strengthening of Headquarters monitoring of financial management in field operations.

55. The wealth of detail contained in the Board's reports reaffirmed the need for a strong and efficient external oversight body as a permanent element of the United Nations system. In particular, the European Union was concerned about continuing problems with asset management and the management of trust funds. It shared the view of ACABQ regarding the Board's findings on over-advancements by UNDP; such funding mechanisms should be used less frequently. The persistent problems associated with the use of consultants were also a cause for concern. The guidelines on the use of consultants should resolve the issue, with the Board monitoring compliance.

56. The European Union shared the view of the Executive Committee of the Office of the United Nations High Commissioner for Refugees (UNHCR) that UNHCR should maintain an annual budget cycle until it had rectified its internal financial management problems. However, the large discrepancies between pledged and received contributions were a cause for concern, and the European Union called on UNHCR to scrutinize every pledge in order to register it as income. It supported the recommendations of the Board regarding recognition for contributions in kind.

57. The European Union had consistently underlined the need for procurement reform, yet the Board had identified numerous irregularities in that area; in some cases, payments to contractors had been made before project completion. It deplored such lax attitudes towards the rules and regulations and agreed that the Board should evaluate the effectiveness of measures taken in the reform process by conducting a horizontal audit of procurement.

58. The European Union agreed with ACABQ and the Board that the payment of salaries on an ex gratia basis to the judges of the International Criminal Tribunal for Rwanda was contrary to the terms contained in the letter of the Secretary-General of 7 March 1995; the judges should therefore reimburse the United Nations for the amount erroneously paid to them.

59. The European Union supported the view that assessed contributions to peacekeeping operations were collectable unless the General Assembly should decide otherwise. The failure of Member States to pay their assessed contributions reduced the Organization's ability to reimburse troop and equipment contributors. It therefore did not concur with the

view of the Board that provision should be made in the financial statements for delays in the collection of assessed contributions.

60. On the question of programme management, he said that the European Union had previously stated that it would like to see the system as a whole impose a formulation of targets and performance indicators as a matter of course for all programmes and projects. Without such targets there could be little or no measurement of programme implementation and no accountability for managers.

61. The European Union agreed with the Board and ACABQ on the viability of the MERCURE Satcom system and was concerned that so much had been spent on a project with little or no consideration given to its technical feasibility. It also shared the concerns that the promotion procedures envisaged in UNITAR were not consistent with those of the United Nations and requested that the situation should be rectified.

62. In conclusion, he said that the reports of the Board of Auditors and the Advisory Committee's comments provided ample evidence of irregularities in the management and administration of United Nations resources and financial regulations and rules. All too often, the failure of managers to abide by the rules had resulted in financial loss, for which they should be held accountable. That was particularly important in the context of human resources reform, which assumed that accountability and delegation of authority would progress in parallel.

63. **Ms. Talbot** (Canada), speaking also on behalf of Australia and New Zealand, said that, while she endorsed the recommendations made by the Board of Auditors and the comments of ACABQ, she wished to comment on some particular concerns. One such concern was the pace of preparedness in managing the year 2000 issue in the Organization's computer systems, since non-compliant systems could threaten the continuous delivery of programmes and services. The United Nations, as well as other funds and programmes, relied on the Integrated Management Information System (IMIS), and, although IMIS had been designed to be year 2000 compliant, there had been no testing. With just over a year remaining, organizations which had not yet tested their systems were at risk; those organizations had failed to take the issue seriously. She questioned the prudence of spending millions of dollars to buy a new computer system when IMIS already existed, and would welcome follow-up by OIOS to assess the action taken to address the problem. The reports of the Board of Auditors had also addressed minor compliance issues; she would like to see those types of issues reported directly to management for follow-up by OIOS. It would only be necessary to report to the General Assembly when appropriate action had not been taken.

64. She had noted with interest the Board's approach to the management audit of technical coordination projects of the fund of the United Nations International Drug Control Programme and encouraged the Board to do more of that type of auditing, since it was already empowered under the Financial Regulations to conduct management audits. For the six United Nations organizations that did not receive funds from the regular budget (the United Nations Children's Fund (UNICEF), the United Nations Population Fund (UNFPA), the United Nations University (UNU), the United Nations Institute for Training and Research (UNITAR), the United Nations Office for Project Services (UNOPS) and the United Nations Development Programme (UNDP)), it would be more appropriate if their audited financial reports were first reviewed by ACABQ and then by their respective governing boards. The General Assembly would not need to review them and the number of reports brought before the Committee would be reduced.

65. Further work was needed to ensure that United Nations system accounting standards were fully applied, for example, regarding voluntary contributions to fund specific activities that must be recorded on a cash basis. There was also a need for simplified financial statements. She believed that the number of financial statements could be substantially reduced; that would give Member States and the users of the financial statements, including the Board of Auditors, more time to work on core issues. She encouraged organizations to provide combined data within the required set of financial statements and to present biennial reports.

66. There seemed to be a persistent and widespread lack of control over the hiring, use and evaluation of consultants, leaving the door open for mismanagement and abuse. In view of the recurring problems, management must address that problem seriously and take appropriate action. Finally, she urged the Board of Auditors and the Secretariat to submit its reports in a timely fashion.

67. **Mr. Saha** (India) said that it was imperative to ensure full compliance with the recommendations of the Board of Auditors in order meet the wishes of Member States for much needed structural change, better management, more accountability, increased transparency and strict adherence to the rules and regulations.

68. With regard to some of the specific observations contained in the Board's reports, he said it was a matter of concern that a proper asset management system had not evolved; that had resulted in duplication and waste and a

lack of accountability. An effective system had yet to be put in place to monitor contracts awarded on the basis of delivery schedules. The transfer of unserviceable property at additional cost to the Organization was a perennial problem.

69. The Board had been unable to submit its views on the financial statements of UNDP, UNFPA and UNDCP in the absence of sufficient evidence to conclude that the funds advanced by those organizations for nationally executed programmes had been expended for the intended purposes. The failure of UNICEF to comply with the recommendation outlined in General Assembly resolution 51/225 must also be addressed.

70. Improved control over accounts receivable and accounts payable must be addressed through modification of Release 3 of IMIS. The reconciliation of accounts based on the entry of interoffice vouchers should be taken up without delay. With regard to procurement, proper planning, timely implementation of projects, open tendering to ensure a truly competitive, fair and transparent process, and adherence to established guidelines were the first few steps towards comprehensive reform. In addition, irregularities in the appointment of consultants were repeatedly noted in the Board's reports.

71. Evidently, there were still some lacunae in the manner in which the United Nations was implementing the Board's recommendations. Although representatives of the Secretariat gave assurances from time to time that relatively routine but nonetheless important systemic problems would be addressed immediately, audit reports continued to indicate that those problems were yet to be resolved. His delegation urged the establishment of clear lines of authority and accountability and an inherent control mechanism. Without a proper administrative and financial management system, the achievement of the objectives of the Organization in the most efficient manner would continue to suffer.

Other matters

72. **Mr. Moktefi** (Algeria) drew attention to the fact that the Third Committee was considering a draft resolution (A/C.3/53/L.45) which contained provisions having to do with matters concerning the programme budget. In accordance with the rules of procedure of the General Assembly and with General Assembly resolution 45/248, such matters lay within the competence of the Fifth Committee. He requested the Chairman to write to the Chairman of the Third Committee to request it to respect the procedure.

73. **Ms. Incera** (Costa Rica) supported the request of the representative of Algeria and noted that the Third Committee had taken similar action in the past. In his letter, the Chairman should review the responsibilities of each Committee.

74. **Mr. Sulaiman** (Syrian Arab Republic) said that, at the previous meeting, he had raised the issue of a draft resolution considered directly by the General Assembly in plenary meeting concerning the privileges and immunities of staff, which had financial implications that should have been discussed by the Fifth Committee before action was taken. It must be made clear that resolutions having to do with administrative and budgetary matters were the responsibility of the Fifth Committee.

75. **The Chairman** said that he understood the concerns expressed by members. In 1990, the General Assembly had, in section VI of resolution 45/248 B, expressed its concern at the tendency of its substantive Committees to involve themselves in administrative and budgetary matters. That subject had also been addressed in paragraph 96 of annex V to the rules of procedure of the General Assembly.

76. He suggested that he should write to the Chairman of the Third Committee, drawing attention to the relevant General Assembly resolutions and rules of procedure. That was as much as was within his mandate. He also pointed out that there were 33 sponsors of the draft resolution in question and that those Member States were also represented in the Fifth Committee.

77. **Mr. Zhang Wanhai** (China) said that his delegation agreed with the views that had been expressed and accepted the Chairman's suggestion.

78. **Ms. Silot Bravo** (Cuba) said that her delegation supported the request of the representative of Algeria and suggested that, in his letter, the Chairman should also call attention to General Assembly resolution 52/220.

79. **Mr. Schlesinger** (Austria), speaking on behalf of the European Union, said that the European Union could not join a consensus on the sending of such a letter, since it was within the purview of a Main Committee to pronounce on its financial needs, although it was, of course, for the Fifth Committee to take financial decisions and to work out the details of such provisions.

80. **Mr. Darwish** (Egypt) recalled that at the fifty-second session the Chairman had sent a letter to the Chairmen of the other Main Committees reiterating the importance of respecting the competence of the Fifth Committee in administrative and budgetary matters in accordance with the rules of procedure of the General Assembly. Similar letters

should again be sent to the Chairmen of all the Main Committees.

81. **Mr. Sial** (Pakistan) noted that, as the Chairman had pointed out, in resolution 45/248 B, section VI, the General Assembly had expressed its concern at the tendency of its substantive Committees and other intergovernmental bodies to involve themselves in administrative and budgetary matters; it had also invited the Secretary-General to provide all intergovernmental bodies with the required information regarding procedures for administrative and budgetary matters. While the Chairman might send a letter, there seemed to be a need for better coordination between the secretariats of the Main Committees so that there was greater awareness of the relevant procedures.

82. **Mr. Elmontaser** (Libyan Arab Jamahiriya) said that his delegation supported the statements made by the representatives of Algeria and the Syrian Arab Republic. He would have no difficulty in supporting the sending of such a letter.

83. **Mr. Moktefi** (Algeria) said that he maintained his request. He could not understand why there should be any opposition to the sending of a letter. The rules of procedure were quite clear, but there was a tendency to ignore them.

84. **Mr. Mirmohammad** (Islamic Republic of Iran) said that the Committee could do no less than send a letter. In accordance with the relevant resolutions and rules of procedure, the President of the General Assembly should prevent other Committees from becoming involved in areas falling within the competence of the Fifth Committee.

85. **Ms. Incera** (Costa Rica) said that she was surprised by the views expressed by the representative of Austria on behalf of the European Union. A letter should be sent.

86. **Mr. Odaga-Jalomayo** (Uganda) said that the question was one of principle. General Assembly resolution 45/248 was quite clear: his delegation supported the sending of a letter reaffirming the competence of the Fifth Committee in administrative and budgetary matters. The sponsors of the draft resolution in the Third Committee should reconsider their positions.

87. **Ms. Silot Bravo** (Cuba) said that she supported the Chairman's suggestion regarding the sending of a letter, as should all other delegations.

88. **The Chairman** suggested that the Committee should suspend its meeting to allow for informal consultations.

The meeting was suspended at 12.30 p.m. and resumed at 12.35 p.m.

89. **The Chairman** suggested that he should send a letter to the President of the General Assembly expressing the Committee's concern and drawing attention to General Assembly resolution 45/248 B, section VI, and all subsequent resolutions, and to rule 153 of the rules of procedure, and requesting him to transmit it to the Chairmen of the other Main Committees. He noted that the Secretariat had already drawn the attention of the Third Committee to the concerns of the Fifth Committee in connection with the draft resolution. The Secretary of the Committee could also inform the Secretary of the Third Committee of the views expressed in the Fifth Committee.

90. **Mr. Darwish** (Egypt) said that if the letter was sent only to the Chairman of the Third Committee, with a request for its circulation to other Chairmen, it would appear that the letter was simply for information. The competence of the Fifth Committee in all administrative and budgetary matters must be made clear.

91. **The Chairman** said that it was his intention to reaffirm the role of the Fifth Committee to the Chairmen of the other Main Committees through the President of the General Assembly; the letter would not be simply for information.

92. **Mr. Sulaiman** (Syrian Arab Republic) said that his delegation could accept that suggestion. At the previous meeting, his delegation had requested the Chairman to inform the President of the General Assembly that the General Assembly itself had taken action on a draft resolution on privileges and immunities which had financial implications without first referring the matter to the Fifth Committee.

93. **Mr. Atiyanto** (Indonesia) asked when the letter would be sent.

94. **Mr. Sial** (Pakistan) said that the Chairman's letter should be sent later that day and should be issued as an official document of the Committee.

95. **Mr. Moktefi** (Algeria) said that his delegation joined the emerging consensus; he agreed that the letter should be issued as an official document.

96. **Mr. Cardoze** (Panama) welcomed the Chairman's suggestion.

97. **The Chairman** noted that on 17 November the Director of the Programme Planning and Budget Division had sent a letter to the Chairman of the Third Committee drawing attention to all the points raised by members of the Fifth Committee.

98. **Mr. Odaga-Jalomayo** (Uganda) said that his delegation was concerned about the issue of timing. Perhaps the letter could suggest that the Third Committee should delay its consideration of the matter.

99. **The Chairman** said that he would draft and transmit the letter as soon as possible, but did not wish to include any deadlines. He would be in a position to report back to the Committee the next morning.

100. **Mr. Atiyanto** (Indonesia) agreed that the timing was very sensitive. A copy of the letter to the President of the General Assembly should be sent to the Chairmen of all the Main Committees.

101. **The Chairman** said that he could not follow that procedure.

102. **Mr. Orr** (Canada) said that the Secretary of the Committee, in his consultations with the Secretary of the Third Committee, should discuss only the procedural aspects, and should not refer to the substantive aspects of the draft resolution, which was the subject of sensitive negotiations.

103. **The Chairman** appealed to delegations to speak to their colleagues on the Third Committee, which was intending to take action on the draft resolution the next afternoon.

104. **Ms. Martinez** (Ecuador) said that she would like to see the text of the letter before it was sent.

105. **Mr. Odaga-Jalomayo** (Uganda) said that his delegation appreciated the efforts of the Chairman to expedite matters and ensure that the letter was sent before the Third Committee took action. His delegation saw no need for the Chairman to show the text of the letter to the Fifth Committee before sending it.

106. **The Chairman** said that the letter would in any event be issued as a document of the Fifth Committee.

107. **Mr. Moktefi** (Algeria) and **Ms. Incera** (Costa Rica) agreed that the letter should be sent immediately; there was no need to consult the Committee further.

108. **Ms. Silot Bravo** (Cuba) said that the Third Committee should be urged not to adopt the draft resolution pending receipt of the letter.

109. **Mr. Saha** (India) said that a consensus was emerging on the Chairman's suggestion, which should be accepted.

110. **The Chairman** appealed to members of the Committee to support his suggestion and allow him to send the letter without delay.

111. **Mr. Schlesinger** (Austria) said that the European Union could join the consensus on the understanding that the letter would draw the attention of the President of the General Assembly to resolution 45/248 and ask him to transmit the letter to the Chairmen of the Main Committees.

112. **The Chairman** suggested that the letter to the President of the General Assembly should draw attention to resolution 45/248 and to all subsequent resolutions as well as to rule 153 of the rules of procedure and request him to bring those provisions to the attention of the Chairmen of the Main Committees, taking into account the short time remaining before those Committees completed their work for the session. He took it that the Committee wished him to send a letter along those lines immediately.

113. *It was so decided.*

The meeting rose at 1 p.m.

United Nations A/C.5/53/SR.30

General Assembly
Fifty-third session

Official Records

Distr.: General
16 December 1998

Original: English

Fifth Committee

Summary record of the 30th meeting
Held at Headquarters, New York, on Thursday, 19 November 1998, at 10 a.m.

Chairman: Mr. Abelian ..... (Armenia)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Mselle

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Agenda item 117: Pattern of conferences (*continued*)

Other matters

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98-83575 (E)

The meeting was called to order at 10 a.m.

Agenda item 117: Pattern of conferences (*continued*) (A/51/946; A/52/685; A/53/669)

1. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the Advisory Committee's report on United Nations publications (A/53/669), said that the report of the Joint Inspection Unit (JIU) on United Nations publications (A/51/946) had been prepared pursuant to a recommendation by the Advisory Committee contained in paragraph 83 of its first report on the proposed programme budget for the biennium 1996–1997 (A/50/7 and Corr.1); that recommendation had been endorsed by the General Assembly in its resolution 50/206 C and reiterated in resolution 51/211 B. The JIU report had been considered in the Committee on Conferences and in the Committee for Programme and Coordination (CPC). Under article 11 of the JIU statute, the Advisory Committee received all JIU reports and made comments and observations on them in accordance with its mandate.

2. The Advisory Committee commended JIU on the quality of its report. While some of the recommendations had been reviewed by CPC, many had not been addressed by that Committee.

3. The objective of recommendation 1, which related to the need for the intergovernmental bodies concerned to review thoroughly their publications in conjunction with their work programmes, and which had been commented on by CPC, was similar to the objectives indicated by the Advisory Committee in paragraphs 73–83 of its first report on the proposed programme budget for the biennium 1996–1997. The Advisory Committee was of the view that it was not necessary for those bodies to have a separate item on publications in their agendas, since such a procedure, were it institutionalized, might lead to a discussion of publications out of context.

4. The Advisory Committee saw merit in the JIU comments on avoiding duplication of publications within the United Nations and with organizations outside the United Nations system, and indicated how that matter could be dealt with in paragraph 6 of its report (A/53/669).

5. The Advisory Committee believed that recommendation 5, which had also given rise to discussion, could be implemented, but not as it would appear from the recommendation of the Joint Inspection Unit. Publications that arose out of general mandates should be reviewed by the relevant legislative bodies in the context of work programmes. Such publications were often produced in excessive numbers, and sometimes materials were not published owing to a lack of resources.

6. The Advisory Committee had indicated in paragraph 15 how recommendation 9, also the subject of controversy, could be implemented. If that approach were followed there would be no need for a general sunset rule, as would appear to be the case from the JIU recommendation.

7. The overall conclusion of the Advisory Committee was that the JIU recommendations could be implemented in the light of the observations and recommendations of ACABQ and the views expressed in the Fifth Committee. The Secretary-General should indicate in the context of the proposed programme budget for the biennium 2000-2001 the action he had taken or intended to take to implement those recommendations.

8. **Mr. Schlesinger** (Austria), speaking on behalf of the European Union and the associated country Poland, said that the European Union favoured the review of the administrative, managerial and organizational structure of publishing activities, as proposed in recommendation 3 of the Joint Inspection Unit. Such a review should be ongoing so as to increase efficiency and cost-effectiveness.

9. He noted with concern that, for the most part, senior staff members had not attended the Publications Board, the composition of which should thus be reviewed. The Secretary-General should also review ways of achieving more coordinated planning of the publishing process, since in practice the issuance of non-parliamentary publications had to be deferred when publishing resources were used entirely for parliamentary documentation.

10. Member States should evaluate the continuing relevance, effectiveness, efficiency and impact of activities and programmes, in which context he welcomed the decision of the Economic and Social Commission for Asia and the Pacific to apply a sunset rule provided that the specific publication was no longer a priority issue. JIU had pertinently noted that the Committee for Programme and Coordination currently did not exercise its mandated role of reviewing existing mandates to determine their continuing relevance.

11. On recommendation 1, concerning duplication, the same publication should be produced in different formats only at the specific request of Member States. It would be difficult, however, to coordinate with organizations outside the United Nations system. Recommendation 12, on flexibility in the use of the external printing account for internal printing purposes, and recommendation 14, on the

use of advanced technologies, could contribute to greater cost-effectiveness.

12. The European Union concurred in the recommendation that the Secretary-General should develop a cost-accounting system to allow for the production of publications in a cost-effective manner. Establishment of such a system would require guidance by the Department of Management to coordinate the various departments involved in the process.

13. The European Union endorsed the JIU recommendation that sales income should be treated more flexibly. Departments needed the incentive of receiving a portion of revenues earned by their publications to defray associated costs. With the current sales programme an increase in net revenues did not necessarily result in a commensurate budgetary increase in resources for its expansion. The Secretary-General should present a proposal on that issue for consideration by the General Assembly. In that regard he endorsed the recommendation of the Advisory Committee contained in paragraph 13 of its report on a cost-accounting system for conference services and access to the optical disk system (A/53/507) that income generated through optical disk system subscriptions should be applied to help meet the cost of maintaining and/or expanding the system.

14. Regarding the reporting mechanism for sales income, he requested the Secretary-General to implement recommendation 16, which called for at least a quarterly review of sales income reports, indicating total revenues from various sales channels.

Other matters

15. **Ms. Buergo Rodríguez** asked when the Committee would take up the budget outline for the biennium 2000-2001, originally scheduled for the next day. In view of the pressing time constraints and the fact that several important matters had not yet even been taken up, it might be useful for the Committee to hold an exchange of views on which items were to be disposed of at the main part of the session and which could be deferred to the resumed parts of the session. Urgent decisions were required, bearing in mind that a deadline of 4 December had originally been set for the completion of the Committee's work.

16. **The Chairman** said that the Bureau shared that concern; postponement of consideration of the budget outline had been necessary because of the unavailability of reports. The Bureau intended to discuss the matter immediately after the adjournment of the meeting, and informal consultations could be held early the following week to determine where matters stood.

17. **Mr. Zhang Wanhai** (China) said that the Committee's work had been affected by the late issuance of reports. The Secretariat, when introducing reports, should be asked for an explanation of why they were so late.

18. **The Chairman** said that he fully agreed. He would inform programme managers in the departments concerned that they would be required to indicate why reports had been issued late.

19. Further to the exchange of views at the previous meeting on the competence of the Fifth Committee for administrative and budgetary matters, he had submitted a letter to the President of the General Assembly.

The meeting rose at 10.30 a.m.

United Nations A/C.5/53/SR.31

General Assembly
Fifty-third session

Official Records

Distr.: General
2 December 1998

Original: English

Fifth Committee

Summary record of the 31st meeting
Held at Headquarters, New York, on Friday, 20 November 1998, at 10 a.m.

Chairman: Mr. Abelian ..... (Armenia)
later: Mr. Armitage (Vice-Chairman) ..... (Australia)
later: Mr. Abelian (Chairman) ..... (Armenia)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Mselle

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Agenda item 112: Review of the efficiency of the administrative and financial functioning of the United Nations (*continued*)

Agenda item 111: Financial reports and audited financial statements, and reports of the Board of Auditors (*continued*)

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98-83587 (E)

The meeting was called to order at 10 a.m.

Agenda item 112: Review of the efficiency of the administrative and financial functioning of the United Nations (*continued*)

Revolving Credit Fund (A/52/822; A/53/645)

1. **Mr. Connor** (Under-Secretary-General for Management), introducing the report of the Secretary-General on the Revolving Credit Fund (A/52/822), said that the report provided more detail on the proposal for the Fund put forward in the Secretary-General's programme for reform (A/51/950/Add.4). The proposal addressed the Organization's chronic cash problems: the total cash resources available for the regular budget had fallen into deficit in August and again in October; despite contributions received recently from the major contributor, those resources were expected to end the year in a deficit of approximately $50 million.

2. The United Nations had been able to continue its core operations only by borrowing from peacekeeping accounts. As a result, it had been unable to make timely payment to Member States which had contributed troops and equipment and it was expected that the Organization would end 1998 owing such contributors $864 million. That situation was financially imprudent and might become unsustainable as the reduced level of peacekeeping activity led to a reduction in peacekeeping cash balances. Cash resources for peacekeeping activities were expected to fall further by the end of the year to $775 million from $812 million at the end of 1997.

3. As the Secretary-General had often emphasized, the only real solution to the problem was for the Member States to pay their assessed contributions in full and on time. Until then, ways had to be found to deal with the periodic cash shortages. As the expedient of borrowing from peacekeeping accounts became less available, other means must be found. The proposal for the Revolving Credit Fund should be seen in the context of other measures proposed by the Secretary-General to tackle the periodic financial crises. The level of the Working Capital Fund had been increased to $100 million in 1982, and on several occasions the General Assembly had authorized the suspension of Financial Regulations 5.2 (d), 4.3 and 4.4 to permit the retention of specified surplus balances. However, subsequent proposals for further increases in the Working Capital Fund and for commercial borrowing and bond issues had been rejected. The High-level Open-ended Working Group on the Financial Situation of the United Nations had discussed a number of incentives and disincentives to improve the payment of assessed contributions, but no action had been taken to date.

4. He recognized that important questions had to be discussed in connection with the current proposal. Its success — in fact, the practical reality of the scheme — depended on the active cooperation of Member States, both potential donors and those against whose arrears cash advances would be made. The financial problems remained serious and some new measures were likely to be needed to sustain the Organization's operations. Such measures could include the Revolving Credit Fund in some form, or other measures, including those rejected in the past. He invited Member States to respond to the Secretary-General's challenge for new ideas to induce delinquent Member States to meet their moral and legal obligations under the Charter and pay their assessed contributions, and thereby restore the financial solvency of the Organization. He shared the Secretary-General's conviction that such action would provide the only long-term solution to the financial crisis.

5. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the Advisory Committee's report on the Revolving Credit Fund (A/53/645), said that it had not reviewed in detail the proposed operations and procedures of the Fund. As indicated in paragraph 8 of the report, it would not do so until the General Assembly had pronounced itself on the principles involved.

6. **Mr. Atiyanto** (Indonesia), speaking on behalf of the Group of 77 and China, said that the issue of the Revolving Credit Fund was particularly important. He wished to recall the common position of the Group of 77 and China, as reflected in the letter addressed by the Chairman of the Group to the Secretary-General on 5 March 1998. In that letter, the group had stressed, first, that the Charter provided that the expenses of the Organization should be borne by the Members as apportioned by the General Assembly; the Secretary-General had acknowledged that the only way to finance the Organization was through assessed contributions, and it was imperative for all Member States to pay their contributions in full, on time and without conditions. Second, the Group had emphasized that the proposed Fund could not be a substitute for the financial obligations set out in the Charter or resolve the Organization's financial difficulties, which were due to the non-payment of assessed contributions, in particular by the major contributor.

7. **Mr. Sial** (Pakistan) said that his delegation endorsed the statement just made by the representative of Indonesia. It supported the initiative for reform of the United Nations and noted with concern the Organization's the precarious

financial situation, which had led to many extraordinary practices. The Secretary-General's proposal for the Revolving Credit Fund deserved serious consideration. His delegation was grateful to the Advisory Committee on Administrative and Budgetary Questions (ACABQ) for drawing attention to the political dimensions of the problem; it would address those issues in the Fifth Committee, which should take a position on the principle involved in the proposal. However, the Committee's deliberations would be facilitated by comments from ACABQ on the proposed operations and procedures.

8. **Ms. Chen Yue** (China) said that her delegation also endorsed the statement made by the representative of Indonesia and, indeed, the comments made by the Advisory Committee in paragraphs 5 to 7 of its report. The financial crisis was a crisis of payment: some Members, in particular the major contributor, lacked the political will to pay their assessed contributions on time. The issue was therefore a political and not a financial one, and it would not be resolved by technical means, as the Advisory Committee had pointed out. Her delegation appreciated the Secretary-General's efforts to resolve the crisis, but the proposed Fund should not be viewed merely from the technical standpoint or as a means of solving the problem of arrears or ensuring that Member States met their financial obligations. It might, in fact, produce a situation in which States which had fulfilled their obligations would have to shoulder an additional burden. She agreed with the representative of Pakistan that the Committee should await the comments of ACABQ before taking any action on the matter.

9. **Mr. Odaga-Jalomayo** (Uganda) said that his delegation noted the Secretary-General's efforts to resolve the financial crisis; the General Assembly was always willing to assist him in that endeavour. As the representative of Indonesia had pointed out, the problem would not be solved by the creation of new funds but by compliance by Member States with their obligations under the Charter. The Secretary-General should concentrate on that issue rather than on the creation of new funds. He endorsed the comments made by the Advisory Committee in paragraphs 5 to 7 of its report.

10. **Ms. Buergo Rodríguez** (Cuba) said her delegation agreed that the problem would not be solved by the creation of a new fund because it was due to the failure by the major contributor to pay its assessed contributions. Her delegation, too, endorsed the comments made in paragraphs 5 to 7 of the report of ACABQ, especially the point that the Fund might put an additional burden on Member States which already fully met their financial obligations. It also endorsed the statement made by the representative of Indonesia and agreed with the representative of Pakistan that it would be useful to have comments from the Advisory Committee.

11. **Mr. Odaga-Jalomayo** (Uganda) proposed that the Committee should defer further consideration of the matter until the fifty-fourth session of the General Assembly.

12. **Mr. Armitage** (Australia) said it was his understanding that the General Assembly had originally requested the Committee to report back on the issue at the fifty-second session. He was not sure that the Ugandan proposal took the Committee very far; perhaps it could merely take note of the reports of the Secretary-General and ACABQ.

13. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said he could inform the Committee frankly that ACABQ did not want to comment on the very detailed proposals for the Revolving Credit Fund until the General Assembly had decided in principle whether to establish the Fund. It would then be easier for the Advisory Committee to discuss the proposed rules, regulations and procedures. If the Fifth Committee decided to defer further consideration of the question, its purpose would presumably be to give delegations time for an informal exchange of views.

14. **The Chairman** said that it might be possible to merge the Ugandan and Australian proposals: the Committee could decide to take note of the two reports and to resume its consideration of the matter at the fifty-fourth session.

15. **Mr. Darwish** (Egypt) and **Mr. Daka** (Zambia) endorsed the Chairman's suggestion.

16. **Mr. Sial** (Pakistan) proposed that the Committee should defer its procedural decision until the 33rd meeting. Comments by ACABQ would be welcome even if the Committee decided to defer further consideration of the question.

17. **The Chairman** suggested that the Committee should adopt the proposal of the representative of Pakistan, on the understanding that in the meantime interested delegations would hold informal discussions on the question.

18. *It was so decided.*

Results-based budgeting (A/53/500 and Add.1 and A/53/655)

19. **Mr. Halbwachs** (Controller), introducing the report of the Secretary-General on results-based budgeting (A/53/500 and Add.1), said that, in 1997, in connection with the programme for reform, the Secretary-General had suggested that he should enter into a dialogue with Member States on the question of shifting the United Nations budget

from a system of input budgeting to one of results-based accountability. The basic concepts of the proposal had been explained in the Secretary-General's report on the programme for reform (A/51/950/Add.6). The aim was to enhance both the General Assembly's ability to provide direction to the Secretariat and the Secretariat's accountability to Member States. The current report of the Secretary-General contained the further details called for by the General Assembly; the requested mock-up, of two subprogrammes, could be found in addendum 1.

20. The proposed change was more evolutionary than revolutionary and was part of the Secretariat's continuing effort to improve its work by creating better links between resources and results and facilitating analysis of programme implementation for use in decision-making by the Member States themselves and by the programme managers. The Secretary-General was not at present requesting the introduction of results-based budgeting but rather permission, when submitting his budget proposals for the biennium 2000–2001 in the traditional format, to present at the same time three sections in the format of results-based budgeting. The Advisory Committee, the Committee for Programme and Coordination (CPC) and the Fifth Committee would then be able to provide further advice to the Secretariat.

21. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the report of ACABQ (A/53/655), said the Advisory Committee agreed that the budget proposals for the biennium 2000–2001 should be presented in the current format. The Fifth Committee and the Advisory Committee could then discuss the proposals on results-based budgeting at the fifty-fourth session. The Advisory Committee had requested the Secretary-General to submit further prototype fascicles in the results-based format, including some for more complex budget areas such as political affairs, international cooperation for development, regional commissions, and common support services.

22. **Mr. Armitage** (Australia), speaking also on behalf of the delegations of Canada and New Zealand, said that the significance of the Secretary-General's recommendation to shift to a system of results-based budgeting extended well beyond the budgetary process. It was a tool that would enable the Secretariat to deliver more effective and focused programmes which would in turn deliver greater value for the resources provided by Member States.

23. In his report on results-based budgeting (A/53/500 and Add.1), the Secretary-General had clearly set out the weaknesses of the current budgetary process. The links between resources and results were indeed weak and Member States were provided with minimal information on how their money was spent and whether programme objectives had been achieved. The qualitative information provided in the current programme performance reports was not a meaningful measure of the success of a programme unless it was accompanied by qualitative measures. The Organization should also take more seriously its obligation to evaluate programmes. In that connection, the Committee's focus during the budget negotiations on the details of the staffing tables for each department and each category of expenditure did not constitute effective control of resources. Indeed, the unseemly horse-trading in individual posts which in recent years had become a feature of the negotiations on the regular budget did little to enhance the Secretariat's accountability to Member States.

24. Those deficiencies could not be rectified overnight, however, and the Secretary-General's careful evolutionary approach to the development of a system of results-based budgeting was therefore both practical and prudent. Necessary changes could be made within the existing framework of programme budgeting and there was no need at the current stage for major legislative changes in order to implement the Secretary-General's proposal.

25. The Governments on whose behalf he spoke had experience in implementing similar approaches to budgeting; they therefore knew that there was no single model for results-based budgeting, which needed to be developed according to the particular set of circumstances that prevailed. The identification of action-oriented programme objectives and the measurement of programme performance did not derive from a perfect science and needed to be constantly refined and modified.

26. While the United Nations should begin its learning experience with results-based budgeting sooner rather than later, as some of the specialized agencies had already done, the process should not be rushed, given the new concepts that were involved. There was therefore merit in the recommendation of ACABQ that the Secretariat should develop a range of prototypes to be considered in the context of the proposed programme budget for the biennium 2000–2001.

27. **Mr. Schlesinger** (Austria), speaking on behalf of the European Union, the associated countries Bulgaria, Cyprus, the Czech Republic, Estonia, Hungary, Lithuania, Poland and Romania, and, in addition, Norway, said that the shift in the Organization's budget from input accounting to accountability for results would enhance the General Assembly's ability to provide meaningful strategic direction

to the Secretariat and to check the extent to which the Secretariat had implemented mandated activities.

28. The current budgetary process did not provide for a satisfactory link between resources allocated and results to be achieved. In addition, since the budget document was traditionally presented in terms of activities and outputs, it was difficult for Member States to assess accurately the quality of the implementation of their mandates and decisions. Moreover, programme performance reports might well indicate that all programmed outputs had been delivered, even though objectives had not been met and the desired results had not been achieved.

29. The introduction of results-based budgeting should enhance the oversight role of the General Assembly and permit the legislative process to focus on the policy implications of resource allocations. The Secretary-General's increased authority for managing financial and human resources would be offset by commensurate accountability for the results to be achieved. In that regard, the new format of the performance report would be a critical decision-making tool which would enable Member States to evaluate the resources utilized and the results achieved.

30. Nothing in the Financial Regulations and Rules nor in the Regulations and Rules Governing Programme Planning precluded the introduction of results-based budgeting. The delegations on whose behalf he spoke therefore concurred with the Secretary-General's view that such an introduction should be an evolutionary development aimed at improving the Organization's management culture and thereby its effectiveness in meeting the objectives of Member States. They also supported his proposal to begin shifting from input budgeting to results-based budgeting, as well as his recommendation that, in addition to the full programme budget for the biennium 2000–2001 in the current format, he should present fascicles for budget sections utilizing the proposed format of results-based budgeting as a prototype.

31. **Mr. Atiyanto** (Indonesia), speaking on behalf of the Group of 77 and China, said that the Secretary-General's proposal would lead to a radical departure from current programme planning and budgetary practices and procedures, which had been repeatedly reaffirmed by the General Assembly. ACABQ should therefore undertake a comprehensive review of the more detailed report which the Secretary-General had been requested to submit. No action should be taken by the Secretariat to implement results-based budgeting until the General Assembly had decided on the appropriate action to be taken on the matter.

32. **Mr. Herrera** (Mexico) said that, while his delegation did not object in principle to the introduction of results-based budgeting, it needed to be reassured that the new system would be tailored to the specific needs of the Organization and not based wholly on an imported model. Since the announcement of the Secretary-General's reform proposals, little had been done to address the concerns in that area which had been expressed by his delegation. He therefore agreed with ACABQ on the need for additional information on the prototype of the new budget format.

33. Since the founding of the United Nations, Mexico had worked hard to fulfil the Charter's declared purpose of saving succeeding generations from the scourge of war. Legitimate concerns had now been raised, however, that, by reducing the level of resources available for pursuing the Organization's goals in such areas as disarmament, the lack of flexibility of the new system of results-based budgeting would also impair the Organization's ability to attain its lofty ideals and purposes.

34. **Ms. Shearouse** (United States of America) said that the United States had from the start been a major supporter and advocate of results-based budgeting in the United Nations, since it fully recognized the potential benefits of the system. At the same time, it had always believed that such an approach was not only permitted but required under existing planning and budgeting rules and the Secretariat should therefore move to implement those rules fully and to instil a more achievement-oriented outlook in the work of the United Nations.

35. The Organization's approach to planning had long been too heavily focused on inputs and resources and must now shift towards greater emphasis on the outcomes achieved through the expenditure of those resources. Moreover, the Secretary-General's proposal to introduce results-based budgeting was fully consistent with the initiatives which many Member States, including the United States, had taken in their drive to make Governments more accountable, productive and responsive to their citizens.

36. Her delegation was therefore disappointed by the indications in the most recent reports of the Secretary-General of slowed progress in the implementation of results-based budgeting. While it understood the difficulties in completing the necessary preparatory work prior to implementation, it had hoped that the budget proposals for the biennium 2000–2001 would be presented in a results-based format.

37. **Mr. Odaga-Jalomayo** (Uganda) said that, while his delegation supported the concept of results-based budgeting, it also agreed with the representative of Australia that the implementation of the new system should not be rushed. It should be borne in mind, moreover, that results-based

budgeting would be meaningful only if the resources for its implementation were available. He would welcome an explanation of why section 6, Legal affairs, of the programme budget for the biennium 1998–1999, which was a relatively small and uncomplicated section, had been chosen as the prototype for the new format. His delegation supported the Advisory Committee's recommendation that the Secretary-General should present the full proposed programme budget for the biennium 2000–2001 in the current format, but that he should expand his submission of prototype fascicles, utilizing a results-based budgeting format, to more complex budget areas such as political affairs, international cooperation for development, a regional commission and common support services.

38. **Mr. Sial** (Pakistan) said that, before a final decision was taken on the Secretary-General's results-based budgeting proposal, a comprehensive study was needed in order to identify the strengths and weaknesses of the current budgeting format and the differences and similarities between the existing and proposed systems so as to permit members to make an informed decision.

39. **Mr. Moktefi** (Algeria) agreed with that suggestion. Consideration should also be given to the response by the Organization's bureaucracy to the introduction of results-based budgeting. Lastly, it would be interesting to know what criteria the Secretariat proposed to employ in its evaluation of programme performance if the mandates in question were political in nature.

Report of the Joint Inspection Unit entitled "More coherence for enhanced oversight in the United Nations system" (A/53/171 and A/53/670)

40. **The Chairman** drew the Committee's attention to article 11.2 (e) of the Statute of the Joint Inspection Unit, which provided that, where a report concerned more than one organization, the report, together with the joint comments of the Administrative Committee on Coordination (ACC) and the respective Executive Heads and any comments of the respective Executive Heads on matters that concerned their particular organizations, should be ready for submission to the competent organs of the organizations not later than six months after receipt of the Unit's report for consideration at the following meeting of the competent organ concerned. Should, in exceptional cases, more than six months be required for consultations, with the result that comments would not be ready for submission to competent organs at the next meeting following the six-month period, an interim submission should be made to the competent organs concerned explaining the reasons for the delay and setting a firm date for the submission of the definitive comments. He recalled, however, that the Committee had decided to consider the report of the Joint Inspection Unit (JIU) (A/53/171) together with the comments and observations of ACABQ (A/53/670) and to revert to the consideration of the report after it had received the comments and observations of ACC.

41. **Mr. Fox** (Joint Inspection Unit), introducing the report of JIU (A/53/171), noted that there had been increasing recognition of the fact that effective oversight was a shared responsibility and that improved oversight mechanisms alone were not a panacea for making things right in the United Nations system. Oversight, however, had little impact unless recommendations were approved and implemented. The report therefore contained recommendations that gave meaning to the concept of shared responsibility.

42. In order for Member States to play their leading role in the establishment of oversight benchmarks, the oversight process must be open and transparent. In particular, Member States needed to know which recommendations were within the mandate of the Executive Head of an agency and which others required action by the appropriate legislative organ. Addressing the issue of oversight from a system-wide perspective and making comparisons among organizations would help to develop a common understanding of oversight throughout the system.

43. The report, however, did not advocate using the same oversight structure in all organizations of the system and its recommendations had been crafted to avoid infringing on the separate and individual characteristics, practices and traditions of the different organizations, which were highly valued by Member States. In sum, the recommendations sought to establish a commonality in implementing oversight throughout the system, without imposing uniformity.

44. Given their different functions, there was a critical need to maintain the distinction between internal and external oversight. Internal oversight must never be allowed to detract from the full accountability of Executive Heads for the management and administration of their organizations, since oversight could not make up for poor management. The report therefore recommended that the Executive Head and appropriate legislative organ of each organization should reach an explicit agreement on how internal oversight should be handled — or not handled — in the organization. The recommendation did not call for organizations to adopt the Office of Internal Oversight Services (OIOS) model or any other specific model. What was important was full transparency about the issue so that Member States could have the capacity to make a well-informed decision.

45. On the subject of reporting procedures, the report recommended that Executive Heads should submit a consolidated annual summary report on internal oversight activities which would provide an overview of the issues addressed and accomplishments achieved; a record of the recommendations made and the status of the action taken on them; and issues or recommendations that required action by Executive Heads or legislative organs. Moreover, any internal oversight report should clearly indicate which recommendations the Executive Head believed were for information purposes only and which required action by an appropriate legislative organ.

46. With a view to highlighting good practices, it was recommended that both internal and external oversight mechanisms should include in their reports a description of the significant good practices identified in the course of their work, in accordance with the changing role of oversight as it moved beyond assuring compliance with existing rules and its policing functions of seeking out fraud towards a more proactive role in facilitating management improvements and fostering a more vigorous culture of accountability. The highlighting of good practices would encourage more system-wide sharing, cooperation and use of lessons learned and would also help to draw attention to significant successes in United Nations system activities, thereby helping to overcome the tendency of some media to use oversight reports as a basis for criticizing United Nations organizations. Nevertheless, oversight reports should normally point to matters that needed correction; there was no intention in the recommendation to have oversight mechanisms pull their punches and gloss over problems.

47. The report also recommended that JIU should periodically include in its programme of work an overall analysis of the consolidated annual summary reports on internal oversight activities of the different organizations. Such an analysis would put the reports in a system-wide context and assist Member States in making comparisons between oversight reports of the different organizations.

48. Recommendations had also been made to encourage the oversight mechanisms of the United Nations system to promote networking, information sharing, professional development and more dialogue among oversight partners.He hoped that the report would help to rebuild the trust and confidence between Member States and the secretariats of United Nations organizations that were so critical to the success of the current reforms.

49. *Mr. Armitage (Australia), Vice-Chairman, took the Chair.*

50. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the Advisory Committee's report (A/53/670) on the report of the Joint Inspection Unit (A/53/171), said that the Advisory Committee had held an exchange of views with the Inspectors during its consideration of the JIU report. He commended the Inspectors on their well-prepared and user-friendly report, which contained a clear analysis of internal and external oversight functions. As noted in paragraph 7 of the Advisory Committee's report, the Inspectors had identified the functions of audit, evaluation, inspection, monitoring and investigation as the five elements of internal oversight. On the basis of the JIU report and the exchange of views, the Advisory Committee felt that care should be taken to avoid excessive use of the term "oversight" in connection with bodies that did not necessarily carry out the above oversight functions, such as the Advisory Committee and the Committee for Programme and Coordination, since that tended to obscure the distinct roles and functions of those bodies. In general, the Advisory Committee supported the recommendations put forward in the JIU report, though that support should be understood in the light of the comments made in the Advisory Committee's report.

51. **Mr. Schlesinger** (Austria), speaking on behalf of the European Union, the associated countries Bulgaria, Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia, and, in addition, Iceland and Norway, said that the JIU report made a useful contribution to the debate on the respective roles of internal and external oversight bodies and on their cooperation and coordination. Both types of oversight were important for the current reform process, but each had a distinct role to play. He agreed with JIU that internal oversight was a crucial means of enabling Executive Heads to fulfil their management responsibilities. In that context, the options mentioned in recommendation 2 (b) should be seen not as alternatives, but as two sides of the same coin. Internal oversight reports should be transmitted in accordance with recommendation 2 (b) (ii), but Executive Heads must also take responsibility for those reports, as mentioned in recommendation 2 (b) (i), because internal oversight bodies operated under their authority. Moreover, Executive Heads should identify which of those bodies' recommendations required action by the competent legislative organ and should submit proposals accordingly. In that connection, the timely submission of comments from the Administrative Committee on Coordination (ACC) would have been useful.

52. He welcomed the measures taken to address the lack of coherence among the internal oversight mechanisms of the funds and programmes, as well as the definition of the

respective roles of the various internal and external oversight bodies and the efforts of JIU, the Board of Auditors and OIOS to enhance their coordination and cooperation. He recognized that the conclusions and recommendations contained in the JIU report did not seek to introduce fundamental changes in the existing system, and shared the underlying assumption that no single approach applied equally to all the organizations of the United Nations system. Each organization should define its own problems and needs while having due regard to existing synergies and opportunities for cooperation, without prejudice to the Secretary-General's role under the Charter.

53. As a means of countering the often unnecessarily defensive reaction to oversight, emphasis should be placed on the importance of oversight for improving the Organization's efficiency and effectiveness. The JIU recommendation on highlighting good practices identified by oversight bodies would be useful for confidence-building. Lastly, as demonstrated by OIOS, the monitoring of the implementation of oversight recommendations was a critical function that should be emphasized in all oversight bodies.

54. **Mr. Sial** (Pakistan) said that he, too, welcomed the user-friendly format of the JIU report. However, from a procedural viewpoint, the Committee was legally required to consider the report together with the comments of ACC. Since the Committee was under a great deal of time pressure, since the deadline for the six-month requirement would expire on 9 January 1999, he wondered why another meeting to consider the JIU report had been scheduled for the following working day when the report had not been submitted in accordance with that legal requirement. According to document A/C.5/53/L.1/Rev.2, the JIU report should be considered together with the cluster of reports listed under the heading "Strengthening of external oversight mechanisms", so that the Committee could conduct a comprehensive review of the Organization's oversight functions.

55. **Ms. Silot Bravo** (Cuba) said that, in general, her delegation welcomed the JIU report, which helped to meet the need for greater transparency in the work of the internal and external oversight bodies throughout the United Nations system. The report should not prejudice the Fifth Committee's negotiations on oversight issues. She regretted that the comments of ACC had not yet been submitted, since they would facilitate the Fifth Committee's deliberations. She noted that, according to the Secretary-General, the fundamental suggestions and recommendations of the report were already being implemented or were closely related to the reform strategy, and reaffirmed the General Assembly's role as the supreme legislative organ for evaluating and acting upon those recommendations. She agreed with the Advisory Committee that the implementation of the JIU recommendations would depend on the action taken by the legislative organs of each of the participating organizations.

56. Her delegation shared the concern expressed by JIU about over-reliance on oversight mechanisms as a remedy for underperformance and about the blurring of the roles of internal and external oversight. It welcomed the report's conclusion regarding shared responsibility, and stressed the leading role of Member States in the area of oversight. It agreed that neither a single oversight mechanism for the whole United Nations system nor an identical oversight model for all organizations would be practical. Coordination among oversight mechanisms should not be imposed, but should respect the independence and specific features of each mechanism and the oversight arrangements in place in each organization.

57. Her delegation welcomed the Advisory Committee's observation, in paragraph 9 of its report (A/53/670), concerning recommendation 1 in the JIU report. It noted the recognition in the JIU report, under recommendation 2, that some recommendations concerning internal oversight would require action by the competent legislative organs. That position had been repeatedly endorsed by her delegation since the adoption of General Assembly resolution 48/218 B. Accordingly, her delegation shared the Advisory Committee's view that each legislative body concerned should determine the reporting procedure for oversight bodies. In addition, Executive Heads should submit their views on the reports of internal oversight bodies to the competent legislative organs for consideration and action.

58. In connection with recommendation 4, JIU should resume the practice of submitting analyses of the internal oversight activities of different organizations, pursuant to General Assembly resolution 48/218 B and other relevant resolutions, but should take care to avoid duplications that could exacerbate the "oversight indigestion" experienced by Member States, as noted by the Advisory Committee (A/53/670, para. 12). Lastly, she supported recommendations 5 and 6, particularly with regard to the need for more dialogue among the oversight bodies, Member States and secretariats.

59. **Mr. Repasch** (United States of America) welcomed the informative and highly readable report of JIU, particularly the table summarizing internal oversight structures, the annex describing oversight mechanisms and the descriptions of oversight concepts. He endorsed the distinction between internal and external oversight, in

particular the conclusion contained in paragraph 29 of the report.

60. He agreed with the report's central idea that oversight could be improved throughout the United Nations system, but did not understand, or disagreed with, a number of findings. For example, he wondered on what basis JIU had concluded that Member States suffered from "oversight indigestion". His delegation suffered not from reports that identified problems and ways to address them, but from allegations and newspaper accounts of waste and fraud in the Organization. Moreover, while coordination among oversight bodies was not undesirable, it should not become an end in itself, but should be pursued for clear purposes, such as the sharing of information about specific activities or the identification of training opportunities. The oversight function of evaluation had not yet been fully developed in the United Nations; he would have liked to see a fuller discussion of that function in the report.

61. He supported recommendation 1 in the report, which would facilitate broad-based agreement on an oversight framework. With respect to recommendation 2, the approach to internal oversight mandated for OIOS by General Assembly resolution 48/218 B had worked well. He could not understand the problem concerning the recommendations of internal oversight bodies, since those bodies reported to the Executive Heads and addressed their recommendations to the latter, not to legislative organs. Executive Heads were responsible for requesting action by legislative organs with respect to recommendations that had legislative implications. There was therefore no need to distinguish between different types of recommendations.

62. He welcomed recommendation 3, which sought to spread good practices throughout the United Nations system. Recommendation 4 sought to make JIU the chief analyst of internal oversight findings and recommendations, but since his delegation did not believe that there was a problem, it felt that there was no need for an annual compendium. He fully supported recommendation 5 on networking, and hoped that such networking would extend beyond the United Nations system to include international professional associations. Recommendation 6 was intended to achieve an important goal, but was formulated in terms that were too vague to be implemented. He would welcome clarification of the types of activities envisaged.

63. **Mr. Sulaiman** (Syrian Arab Republic) asked the Secretariat to correct the translation of the word "oversight" into Arabic, since the Arabic word used in the current translation meant "watching" rather than "oversight".

64. **Mr. Fox** (Joint Inspection Unit) said that the comments of ACC were technically not yet overdue. He understood that the Committee would revert to the JIU report once those comments were received. With respect to the concern expressed about the reference, in recommendation 4, to consolidated annual summary reports on internal oversight activities, the idea was to combine the reports submitted by the various organizations with a view to identifying both problems and good practices. The result would not be a voluminous document, since JIU would sift through the reports and pick out a few themes that could usefully be considered throughout the system. That would not represent duplication of oversight reporting. The intention was not to make JIU the chief analyst of internal oversight mechanisms, as the United States representative had suggested, but to enable it to review the reports of the various mechanisms without evaluating or critiquing the mechanisms themselves. The vagueness of recommendation 6 reflected the Unit's assumption that the development of dialogue would be an evolutionary process; at the current stage, it was impossible to define precisely the means by which that goal should be met.

Agenda item 111: Financial reports and audited financial statements, and reports of the Board of Auditors (*continued*) (A/52/5 (vol. II), A/52/811, A/52/867 and A/52/879; A/53/5 (vols. I, III and IV) and Add.1–10, A/53/217, A/53/335 and Add.1, A/53/508 and A/53/513)

65. **Mr. Repasch** (United States of America) said that the Board of Auditors played a critical role as an external oversight body. He welcomed the improved readability of its reports and hoped that other United Nations bodies, including the Advisory Committee, would follow that example. However, he was disappointed that many of its past recommendations had fallen on deaf ears. He wondered whether United Nations agencies would ever comply fully with United Nations regulations and procedures and provide sufficient documentation on their financial operations, and whether more agencies would link their consultants' payments to evaluation of their performance.

66. On the subject of the Board's general findings, he was concerned that the Board had once again issued qualified opinions on the financial statements of the United Nations Development Programme (UNDP), the United Nations Population Fund (UNFPA) and the United Nations International Drug Control Programme (UNDCP). Those organizations had done little to implement viable solutions to the problems identified two years earlier. The Advisory Committee had recommended that the Administrator of

UNDP should report to the Executive Board on the results of the measures taken to implement previous recommendations and that the report should be submitted to the Fifth Committee in conjunction with the budget estimates of UNDP for the biennium 2000–2001 (A/53/513, para. 51). Such measures were necessary in order to ensure compliance with the Board's recommendations and should be taken whenever an agency failed to comply with United Nations accounting standards. He agreed with the Advisory Committee that the inconsistent application of those standards required "urgent review" (A/53/513, para. 18).

67. The Board's reports revealed problems in ensuring that the engagement of implementing partners and consultants was in full compliance with established rules and procedures. In some cases, the rates paid to consultants had not been determined in accordance with the competitive bidding process or had not been linked to the nature of outputs or to the time-frame of their delivery. That practice impaired the Organization's ability to carry out its activities as efficiently and effectively as possible. Since programme managers were ultimately accountable for ensuring that consultants provided the necessary services and that mandates were fulfilled, he supported the Board's recommendations in that regard.

68. One encouraging example was the case of procurement at the Geneva and Vienna offices. He welcomed those offices' use of volume purchase agreements to speed up delivery and reduce costs (A/53/5 (vol. I), chap. II, para. 156), and hoped that the practice would spread throughout the Organization. The findings in the Board's report reinforced his delegation's previous proposal that performance measures should be introduced for the evaluation of the engagement of consultants and the procurement process in general. While he recognized the difficulty of setting up an effective system for evaluating the performance of consultants and contractors, he hoped that greater efforts towards that goal would be made in future. It was disturbing to note, for example, that a random sample of 57 special service agreements at the headquarters of the United Nations Children's Fund (UNICEF) had shown 23 cases in which payments had been made without the required evaluation reports (A/53/5/Add.2, chap. II, para. 78). He wondered what steps the Secretariat had taken to implement a system-wide programme.

69. He was deeply concerned about the Secretariat's relaxed approach to the year 2000 computer problem. Holding a meeting in May 1999 to assess the situation would be doing too little, too late, to resolve the problem. He firmly supported the Canadian representative's statement on the subject and urged the managers responsible to take prompt action to assess and mitigate risks.

70. The audit deficiencies at the Office of the United Nations High Commissioner for Refugees (UNHCR) were serious and must be addressed on an urgent basis. While UNHCR had already produced an implementation plan pursuant to the audit findings, his delegation would like further information on how it intended to resolve its differences with the auditors regarding its method of reporting income. The current practice of conducting annual audits of UNHCR operations should continue.

71. The reports of the Board of Auditors indicated many cases of waste, mismanagement and breakdown of internal controls. The rehabilitation of the parking garage (A/53/5 (vol. I), chap. II, paras. 74–76) provided a disconcerting look at managers' disregard for established rules and procedures when hiring contractors and consultants. The Organization had contracted engineers on a sole-source basis without first establishing their fees, and had engaged a contractor who had shortly before pleaded guilty to unlawfully withholding money from his employees. Maintenance contracts should not be awarded on an exigency basis. He wished to know what action had been taken to guarantee that such transgressions would not be repeated.

72. The Board had found that in 1997 a branch office of UNHCR had purchased seven vehicles for a care and maintenance project, contrary to instructions that the vehicles should be rented (A/53/5/Add.5, chap. II, para. 77). No competitive bids had been obtained. Moreover, eight vehicles had already been made available for the project in question. He asked how such a massive breakdown of controls could have occurred, and what had been done to prevent recurrences.

73. The Board had also noted that the United Nations Operation in Mozambique (ONUMOZ) had made a double payment to a hotelier for rent, and had been unable to recover the full amount of the overpayment (A/52/5 (vol. II), chap. II, para. 27 (e)). The Field Administration and Logistics Division had subsequently proposed that the amount should be written off. That was an extraordinary practice; he agreed with the Board that chiefs of administration in field missions must ensure that internal control procedures for cash management were complied with, and that the Administration must establish responsibility for the double payment before proposing a write-off.

74. Greater emphasis must be placed on the implementation of the Board's recommendations. The Board

had done its part in the oversight process and it was now up to the Committee and the Secretariat to complete it.

75. Lastly, his delegation would like to see the incorporation into the Financial Regulations and Rules of the guidelines for internal control standards approved by the International Organization of Supreme Audit Institutions (A/52/867), and it was disappointed that the Advisory Committee had recommended against that step. The guidelines covered the most fundamental aspects of internal control, and their incorporation into the Financial Regulations and Rules would add an important statement of policy and best practices. Those control standards were used by virtually all national Governments, including those elected to the Board of Auditors. Failure to incorporate the guidelines would send a signal that the United Nations did not have to observe internationally recognized financial standards, even in the face of ample evidence that it was in dire need of such guiding principles.

76. **Mr. Gjesdal** (Norway) expressed strong support for the implementation of the recommendations of the Board of Auditors. The Board would be requesting additional resources in the next programme budget; since many of the requests for special reviews emanated from the Fifth Committee or the Advisory Committee, consideration might also be given to the establishment of priorities among those requests.

77. In order for Member States to assume their leading role in oversight, they must be able to devote sufficient time to the subject. The task would be simpler if the Board's reports reached the Committee well in advance of the start of the main part of the session. In the interests of coherent oversight, his delegation was pleased that the Board of Auditors had held a second tripartite meeting with the Office of Internal Oversight Services (OIOS) and the Joint Inspection Unit (JIU).

78. All assessed contributions for peacekeeping operations remained collectable unless the General Assembly decided otherwise; the failure of Member States to pay such contributions added to the Organization's cash crisis. Accordingly, he did not concur with the view of the Board that provision should be made in the financial statements for delays in the collection of assessed contributions.

79. He noted with serious concern that the Board had again qualified its opinion on the financial statements of the United Nations Development Programme (UNDP) owing to a lack of audit certificates for large expenditures on nationally executed projects. He agreed with the Advisory Committee that the Administrator of UNDP should report on measures taken to implement previous recommendations of ACABQ and the Board of Auditors with respect to audit reports by implementing agencies.

80. He concurred with the Board's recommendations on the United Nations Children's Fund (UNICEF). UNICEF must strengthen oversight of liquidation statements in respect of cash assistance to Governments. Before it proposed a change in its financial rules and regulations, it should consider the experience of other United Nations organizations.

81. His delegation was concerned that the Board had again qualified its opinion on the financial statements of the United Nations Population Fund (UNFPA) owing to a lack of audit certificates from Governments and non-governmental executing agencies. He looked forward to information on the new UNFPA strategy of shifting responsibility for audit certificates to field offices.

82. Since UNDP, UNICEF and UNFPA faced similar problems, he encouraged them to cooperate in meeting the challenge, especially by providing common assistance to Governments to help them to comply with the United Nations Financial Regulations and Rules.

83. With regard to the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), he noted that three cases of fraud and presumptive fraud had been detected, and that one case involved a considerable loss to the Agency. He noted with satisfaction that steps had already been taken in most cases to follow up on the Board's recommendations.

84. He appreciated the efforts of UNHCR to implement the Board's previous recommendations. The Board's concerns regarding UNHCR budgeting and financial reporting could be addressed through the ongoing renovation of that office's budget structure. He also welcomed the steps taken to encourage implementing partners to provide audit certificates for funds advanced.

85. The increasing implementation of humanitarian assistance programmes through implementing partners — a development which his delegation supported — called for further reflection and action on common challenges and responses. He looked forward to being kept informed of the implementation of the Board's recommendations regarding implementing partners.

86. *Mr. Abelian (Armenia) resumed the Chair.*

87. **Mr. Christian** (Ghana) said that, with the exception of those relating to the International Trade Centre (ITC), UNDP and the United Nations Joint Staff Pension Fund (UNJSPF), the Board's previous recommendations had not

been fully implemented. The defaulting organizations should comply fully with those recommendations.

88. The Board had issued a qualified opinion on UNDP, UNFPA and the United Nations International Drug Control Programme (UNDCP) because of the lack of confirmation that funds advanced to Governments and non-governmental organizations had been expended for the purposes intended. He requested those organizations to make additional efforts to increase the percentage of projects covered by audit reports. Further to the Advisory Committee's comment that the extent of compliance with United Nations accounting standards differed (A/53/513, para. 17), he endorsed its view that the standards should be urgently reviewed.

89. The Board had indicated that the liquidation of several peacekeeping operations had been delayed. He agreed that missions should be liquidated as quickly as possible in order to minimize costs. The Department of Peacekeeping Operations should take that consideration into account and closely monitor the completion of outstanding tasks in all missions in liquidation.

90. The Board's review of contracts for cleaning and maintenance at Headquarters had revealed a number of deficiencies; its recommendations to address those shortcomings should be strictly adhered to. All major maintenance should be planned far enough in advance to avoid exigency contracts; competitive bids should be obtained and adequate time allowed for approval.

91. He supported the recommendation that United Nations administrators should comply with the revised Procurement Manual and obtain economies of scale wherever possible. UNRWA should implement the Board's recommendation on its contract procedure, update its vendor register and closely supervise its contracts to ensure that required standards were met.

92. The Board had made several useful recommendations on programme delivery, which could improve programme management. It had also pointed out that in many cases consultants had been appointed to handle work that should have been assigned to regular staff. Moreover, the basis for the selection of consultants and the calculation of their remuneration had not been put on record; those practices were improper. The Administration should ensure full compliance with the established instructions on the engagement of consultants.

93. His delegation was concerned that less than 20 per cent of the amounts lost to fraud or presumptive fraud over the reporting period had been recovered. Fraud could be minimized by strict observance of accounting rules and the strengthening of internal control. Procedures for the recovery of embezzled funds should be reviewed to ensure that organizations could act decisively.

94. Full implementation of the Board's recommendations in a timely manner was one of the most effective ways to ensure probity and accountability in the organization.

95. **Mr. Lozinski** (Russian Federation) said that his delegation appreciated the improved quality of the information presented by the Board of Auditors and the progress made in implementing its recommendations, but it also agreed with the Advisory Committee that the deadlines for the issuance of the Board's reports in all official languages must be strictly observed (A/53/513, para. 12). It supported the Board's main recommendations, as contained in chapter II, paragraph 11, of its report (A/53/5, vol. I), particularly with regard to the need to integrate all accounting systems with the Integrated Management Information System (IMIS). Like other delegations, it was concerned about the timely solution of the year 2000 computer problem, and suggested that the Board should keep the issue under constant review. While it supported the Board's recommendations in the area of human resources management, especially with regard to the hiring of consultants, it cautioned against hasty conclusions in the area of career development, at least until the General Assembly had taken a decision in that regard. His delegation believed that the time had come to settle the question of ex gratia payments and shared the view expressed by the Advisory Committee in paragraph 20 of its report (A/53/513).

96. He was concerned about the incidence of fraud in the United Nations, since it not only led to direct financial losses, but also irreparably damaged the Organization's prestige. Decisive action must be taken against fraud and against its perpetrators.

97. With respect to peacekeeping, he had noted the information in paragraph 36 of the Advisory Committee's report (A/53/513) regarding the volume of peacekeeping expenditure over the preceding period, as well as the Secretary-General's efforts to deal with the cash-flow shortage for peacekeeping operations, which had burdened the Organization with intolerably heavy debts to contributors of troops and equipment. That situation must be speedily corrected.

98. He appreciated the contribution of the Board of Auditors to the strengthening of procurement reform throughout the Organization. He was pleased that the measures recommended by the oversight bodies had yielded results, particularly in terms of increased transparency,

competitiveness and fairness. The Advisory Committee's suggestion concerning the evaluation of measures taken in the context of the reform process (A/53/513, para. 24) was welcome. In addition, in paragraphs 46, 49 and 59 of its report (A/52/5 (vol. II), chap. II) the Board of Auditors put forward sound recommendations on procurement. Like the Advisory Committee, he was seriously concerned about the irregularities found in the contracts for garage rehabilitation and building cleaning and maintenance (A/53/5 (vol. I), chap. II, paras. 74 to 82), particularly in view of the large amounts of money involved.

99. With respect to the management review of the International Civil Service Commission (ICSC) secretariat (A/52/811), he reaffirmed his delegation's position that a universally recognized expert body such as the Board of Auditors should act in closer conformity with the mandates it received from Member States. Lastly, he hoped that recent progress in strengthening coordination and cooperation among all the oversight bodies, both internal and external, would be followed up.

100. **Ms. Niu Hongbo** (China) said that her delegation had not had enough time to study the voluminous reports of the Board of Auditors owing to their late issuance. The reports should be issued before the start of the regular session.

101. The Board had listed many project management deficiencies. To evaluate project management, attention must be paid to the quality of delivery, and cost-effectiveness must be evaluated by measuring output against input. Auditing played a very important role in that process and the various organizations should respond promptly and positively to the Board's recommendations.

102. Procurement should be conducted in an equitable and fair manner, taking into account cost-effectiveness and geographical distribution. Further efforts should be made to increase procurement from developing countries.

103. She noted with great concern the serious management deficiencies in connection with the contracts for the rehabilitation of the garage, for cleaning and maintenance services and for electrical equipment. All major maintenance works should be planned far enough in advance to avoid exigency contracts and allow adequate time for competitive bids and approval.

104. The rate of implementation of the Board's recommendations gave cause for concern. In future reports the Board should indicate what percentage of its previous recommendations had been implemented and provide reasons for non-implementation, where appropriate. She agreed with the Advisory Committee that there should be an effective mechanism for ensuring full implementation of recommendations.

105. **Mr. Yamagiwa** (Japan) said that the Board played a key role in oversight, a role which would be even more significant if the United Nations were to take steps towards a more decentralized system of authority and responsibility. The Organization had a long way to go before it could delegate financial and personnel authority to programme managers without undue concern. A culture of full compliance with rules and regulations was an essential prerequisite to the delegation of authority.

106. The Board's recommendations must be fully implemented; incomplete or slow implementation of previous recommendations was a matter of grave concern.

107. Serious and persistent irregularities had been identified in procurement. He concurred with the Advisory Committee on the seriousness of the problems relating to contracts for cleaning and maintenance. The fact that all direct purchases by the United Nations Joint Staff Pension Fund had been made through the miscellaneous obligating document procedure (A/53/217, para. 21) was another significant irregularity. All staff members must fully comply with the provisions of the Procurement Manual.

108. The failure by UNDP to obtain audit certificates for the expenditure of $520 million on nationally executed programmes was serious and the Administrator of UNDP should report on the measures he had taken in that regard. The Board had also detected unusual inadequacies in the information systems of UNDP, raising questions about the merits of the project.

109. Lastly, he agreed with the Advisory Committee that the Secretary-General should consider the feasibility of closing the accounts under the regular budget and the peacekeeping budget sooner after the end of their respective financial periods so as to ensure that the Board's reports were ready by the start of the regular session. That would facilitate the work of both ACABQ and the Fifth Committee.

110. **Mr. Park Hae-yun** (Republic of Korea) said that his delegation supported the Board's request for additional resources, and was concerned at the recurring pattern of late submission of the Board's reports.

111. The role of the Board had become ever more important, since effective audit improved delivery and enhanced efficiency and cost-effectiveness. He welcomed the strengthening of coordination between external and internal oversight mechanisms.

112. His delegation attached high priority to procurement reform, and was concerned at the continuing evidence of

improprieties in procurement contracts, despite earlier audit findings. In particular, he noted with concern the poor contract management, improper use of vendors and suppliers, abuse of procurement on an exigency basis, lack of verification of contract completion before the disbursement of funds, and non-compliance with standard procedures, rules and regulations at Headquarters and elsewhere. He trusted that the reform measures recently instituted would strengthen the transparency, competitiveness and fairness of the procurement system, and looked forward to the Board's upcoming horizontal audit of procurement.

113. His delegation did not concur with the Board's recommendation that provision should be made in the financial statements of peacekeeping operations for the non-collectability of assessed contributions. He agreed with ACABQ that assessed contributions were collectable until the General Assembly decided otherwise, and was dismayed by the continuing doubt about the collectability of $116.1 million of assessed contributions which Member States had declared their intention not to pay. It was the obligation of Member States to pay assessed contributions.

114. He also noted with concern the discrepancies in the application of accounting standards, and agreed that several articles of the accounting standards required urgent review.

115. Noting that many previous recommendations of the Board had not been fully implemented, he stressed the need for speedy and effective implementation of recommendations. There must be an effective mechanism for ensuring implementation, including the identification of officials with responsibility for the implementation of specific recommendations.

The meeting rose at 1.10 p.m.

United Nations A/C.5/53/SR.32

General Assembly
Fifty-third session

Official Records

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Fifth Committee

Summary record of the 32nd meeting
Held at Headquarters, New York, on Friday, 20 November 1998, at 3 p.m.

Chairman: Mr. Abelian ..... (Armenia)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Mselle

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Agenda item 137: Financing of the International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994

Other matters

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98-83599 (E)

The meeting was called to order at 3 p.m.

Agenda item 111: Financial reports and audited financial statements, and reports of the Board of Auditors *(continued)* (A/52/5 (Vol. II), A/52/867, A/52/811 and A/52/879; A/53/5 (Vols. I, III and IV), A/53/5/Add.1–10, A/53/217, A/53/335 and Add.1, A/53/508 and A/53/513)

1. **Mr. Fakhouri** (Director of the Division of Financial Management Services, Office of the High Commissioner for Refugees (UNHCR)) said that UNHCR attached great importance to the audit process both as an oversight mechanism and as a management tool. It had taken note of the concerns expressed in the areas of income recognition, audit certification and biennial audit reports.

2. With regard to the concern that income was being overstated, he said that UNHCR used an accrual basis of accounting for revenue in its financial statements. In other words, income was recorded when it was due and not when it was received. Article 35 of the United Nations Accounting Standards stipulated that voluntary contributions to funds for specific purposes should be recorded only when received. The application of that article to the special programmes and activities of UNHCR, however, would have grave implications, as it would affect the agency's ability to carry out mandated activities until the cash had been received. Delays in receiving funds could force programmes to halt operations until funds came in. In its report, ACABQ had shared the reservations of the High Commissioner in respect of the application of article 35, except to the Trust Fund. In the view of its Executive Committee, UNHCR should continue to record income in accordance with current practice. Work towards a unified budget structure would go far towards addressing that problem.

3. In the area of audit certification, in 1997 UNHCR had channelled $421 million through 685 implementing partners, of which 160 were Governments and 518 local and international non-governmental organizations. UNHCR was committed to reaching full compliance with certification standards.

4. On the subject of biennial reporting, he said that UNHCR submitted annual budgets and reports to its Executive Committee. Such yearly reporting practices represented a safeguard for donors, as the proper use of funds was certified on an annual basis. The Executive Committee had expressed its preference for an annual audit cycle, while ACABQ had recommended a biennial cycle. UNHCR valued the advice of ACABQ and recognized the merits of standardizing accounting practices. In addition, a biennial cycle would allow more time for the preparation of reports. However, that improvement might be achieved at the expense of the confidence which had been displayed by the Executive Committee in UNHCR operations.

5. **Ms. Sham Poo** (Deputy Executive Director of the United Nations Children's Fund (UNICEF)) said that as pointed out in the report of the Board of Auditors (A/53/5/Add.2, chap. II, para. 12), cash assistance to Governments provided funds to Governments to support programme implementation. The ownership of the funds was transferred to the Government at the time the payment was made; however, it was the responsibility of UNICEF to ensure that the funds were used for the purpose intended. UNICEF required Governments to account for the utilization of that assistance. The payment of cash assistance was made on an ongoing basis in accordance with the plan of action laid out in the programme of cooperation with the Governments concerned. At any point in time in the financial year there would be unliquidated cash assistance to Governments, representing payments for which documentation had not yet been received.

6. It was significant, as the Board pointed out in its report (A/53/5/Add.2, chap. II, para. 14), that the balance outstanding for over nine months had decreased from $34.3 million at 31 December 1995 to $11.1 million at 31 December 1997, which showed that the action initiated by UNICEF to strengthen the monitoring of cash assistance had been effective. That action included conducting workshops in work process redesign and control self-assessment. Workshops had also been held in many countries with Government counterparts in order to reach a better understanding of the cash assistance documentation requirements.

7. Cash assistance was a very important component of UNICEF programmes of cooperation; if it were suddenly to decrease substantially, UNICEF would be concerned that programme plans were not being implemented. In its report for the biennium ended 31 December 1995, the Board had recommended that UNICEF should review the policy of recording cash assistance to Governments in line with the provisions of the Financial Regulations and the Policy Manual on Accounts. During the ensuing biennium UNICEF had conducted a review of accounting standards and related programme policies and procedures, the results of which had confirmed that UNICEF had been consistent in its policy of recording cash assistance but that a financial regulation adopted in 1988 to define programme expenditure was confusing and hard to interpret. UNICEF had informed the Board that to rectify that situation it would evaluate and

update its financial regulations and that it would conduct a similar analysis with respect to its financial rules, policy manuals and instructions. As to the Advisory Committee's suggestion that it should consult with other funds and programmes, UNICEF maintained close contact with other funds and programmes on many issues of common concern.

8. The issue of cost overruns of construction projects managed by UNDP had been the subject of a recent UNDP investigation that had resulted in the criminal investigation of two individuals and disciplinary action taken towards others. Although billed for costs in excess of those originally agreed upon, UNICEF had not paid them, because they could not be substantiated. As recommended by the Board, UNICEF had asked UNDP for documentation substantiating the cost overruns, which UNDP had been unable to provide for reasons that became evident during the course of the UNDP investigation.

9. UNICEF did not fully agree with the Board's interpretation of decision 1990/26. In that decision, the UNICEF Executive Board had decided to establish a reserve fund for field office accommodation. Document E/ICEF/1990/AB/L.8 contained, for information only, an annex estimating the proportionate share for UNICEF of 15 country projects. UNICEF would seek clarification from the Executive Board when it reviewed the financial statements for the 1996–1997 biennium.

10. UNICEF had strengthened the management of special service agreements to ensure better compliance with administrative instructions and to obtain better value for money. Offices now reported on the issuance of special service agreements each quarter. The Administration had reminded offices that agreements must be signed before work commenced and that agreements could not be extended without written evaluations for previous work carried out. Additional instructions had been issued with respect to the applicability of competitive selection, justification for sole source selection, maintenance of rosters and fee ranges. The Administration had made it clear that heads of offices and other staff who had authority to issue contracts would have that authority withdrawn if they failed to comply with those instructions.

11. With regard to the Advisory Committee's recommendation that the Executive Director should report to the Executive Board on action taken to address the findings of the Board of Auditors, she said that as an ongoing practice, UNICEF had been submitting a report to the General Assembly, through the Advisory Committee, on the measures to be taken to implement the recommendations of the Board of Auditors, and the status of implementation of recommendations for the previous biennium. The UNICEF Executive Board had reviewed the most recent report at its second regular session in September 1998. In addition, the Executive Director gave an oral update to the Executive Board, in accordance with decision 1997/10, in years in which UNICEF did not have a written report; that had been done for the first time at the first regular session, in January 1998. UNICEF had also presented to its Executive Board regular progress reports on the Management Excellence Programme, covering the framework and accountability system for performance monitoring and oversight in UNICEF.

12. UNICEF had in place very strict guidelines governing the identification, reporting and prosecution of fraud and presumptive fraud. Through the Management Excellence Programme, the message had been communicated to all staff that each individual was fully accountable for the safeguarding of UNICEF resources.

13. The UNICEF Administration had taken major steps to address the year 2000 problem. It was phasing out non-compliant legacy systems and would be implementing a field system as well as a headquarters system which was year 2000 compliant. In addition, the UNICEF Administration had sent instructions to all offices on how to prepare for the year 2000 and would continue to send information. It was planning a simulation exercise early enough in 1999 to take any corrective action that might be required.

14. **Mr. Shunglu** (Chairman of the Board of Auditors), in response to the comments and questions of members concerning its reports, said that the Board continued to explore ways to improve its reporting methods and welcomed the support expressed for providing additional resources for its operations. It shared the concerns regarding implementation of its recommendations and agreed that further effort was required on the part of the Administration to ensure that deficiencies identified were fully addressed.

15. The Board shared the concerns regarding the management of assets and the problems with transfer of property from peacekeeping operations at additional cost to the Organization. Such missions should be liquidated quickly in order to avoid undue cost increases. The Administration must address seriously the ongoing problems with the hiring and evaluation of consultants. The Board would monitor compliance with the guidelines in that area and reiterated that United Nations accounting standards must be fully applied.

16. On the subject of procurement, the Board had taken note of the request that it should conduct a horizontal audit during the 1998–1999 biennium. To clarify its suggestion

that provision should be made for delays in collecting assessed contributions, disclosures in the financial statements highlighted the fact that accrued income had not been received in full and, as contributions could not be written off, presented a more accurate picture of resources.

17. The Board shared the concerns expressed with regard to the pace of preparedness in addressing year 2000 issues. Organizations which had not yet assessed their core information systems must take urgent action.

18. With reference to the comment by the representative of Canada that the findings of the Board involved minor compliance issues, he said that such issues were crucial for the purposes of the review, monitoring and control of projects. Once headquarters monitoring became weak, other problems followed and could lead to significant defects in project management. With regard to the need to make reports available to the Fifth Committee at the beginning of its session, he said that the Board of Auditors required three months to finalize its reports after the financial statements had been delivered to audit teams. In accordance with the Financial Rules, statements should be given to the Board no later than 31 March of the year following the end of the biennium. For the biennium 1996–1997, the statements had been received on 16 April 1998 and the reports had been issued on 15 July, two weeks earlier than for the previous biennium.

19. The Board fully agreed that compliance with accounting standards and application of financial controls would serve to minimize fraud throughout the system. The guidelines adopted by the International Organization of Supreme Audit Institutions, could be used as a basis for developing a United Nations set of standards, to be submitted to the General Assembly for approval.

Agenda item 135: Financing of the International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991 (A/52/520 and A/52/891; A/53/651; A/C.5/52/47; A/C.5/53/12 and A/C.5/53/13)

Agenda item 137: Financing of the International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994 (A/52/520 and A/52/784; A/53/659; A/C.5/52/48; A/C.5/53/14 and A/C.5/53/15)

20. **Mr. Sach** (Director of the Programme Planning and Budget Division) drew attention to document A/C.5/53/12, which contained the revised estimates for 1998 for the International Tribunal for the Former Yugoslavia. Following the adoption of Security Council resolutions 1160 (1998) on Kosovo and 1166 (1998) authorizing the formation of a third Trial Chamber, ACABQ had concurred in the request for additional commitments of $2,627,300 gross, which reflected the additional requirements for 75 temporary posts and related expenses pursuant to those resolutions and for unforeseen developments, including an increased number of detainees and the early opening of the third Trial Chamber made possible by in-kind donations. A review of 1998 expenditure trends showed that savings would offset those additional requirements. Therefore, the General Assembly would be requested to approve an appropriation of $68,611,900 gross, which represented a reduction of $217,900 gross in requirements. The revised staffing table was also proposed for approval.

21. The 1999 resource requirements of the International Tribunal for the Former Yugoslavia were set forth in document A/C.5/53/13 and contained a request for $106,385,200 gross, representing an increase of $37,555,400 gross. An additional 267 posts were being requested, for a total of 838. The Tribunal was mandated to provide a fair trial for all accused persons without undue delay. Therefore, the Secretary-General's proposal reflected the need for effective functioning in the light of the increased activity resulting from the addition of the third Trial Chamber, the expanded mandate for Kosovo and additional investigation and court activities. The additional staffing was intended to provide the necessary administrative infrastructure.

22. Document A/C.5/53/14 contained the revised estimates for 1998 for the International Criminal Tribunal for Rwanda. As a result of Security Council resolution 1165 (1998) regarding the establishment of a third Trial Chamber, a commitment authority had been requested by the Secretary-General and approved by the Advisory Committee to cover the related expenses. The revised estimates for 1998 had been prepared to reflect the additional resource requirements in connection with the third Trial Chamber, including 34 new temporary posts and unforeseen expenses. However, an analysis of expenditure trends for 1998 indicated that net savings of $2,835,700 were expected. The General Assembly was therefore requested to approve a revised appropriation of $52,297,900 gross, which represented a reduction in requirements of $4,340,700 gross. A revised staffing table was also proposed for approval.

23. The 1999 resource requirements of the International Criminal Tribunal for Rwanda were set forth in document A/C.5/53/15 and contained a request for $80,612,600 gross, representing an increase of $22,202,200 net or 43.6 per cent over the initial 1998 appropriation. 256 posts were also proposed, bringing the total staff to 838 posts. The increase in resource requirements for 1999 were mainly attributable to the establishment of the third Trial Chamber, stepped-up activities in investigations and the enhanced delivery of support services.

24. There were currently 32 detainees in custody in the United Nations detention facility in Arusha. In 1999, six trial cases would be held simultaneously in the three trial chambers. The Office of the Prosecutor would step up its activities in both investigation and prosecution and the Registry, in turn, would enhance its administrative and legal services. The overall level of resources requested was reflective of the scope and magnitude of the increased operations required of the Tribunal to fulfil its mandate.

25. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the Advisory Committee's report in documents A/53/651 and A/53/659, said that, for the International Tribunal for the Former Yugoslavia , $68.6 million was requested for 1998, including 646 posts, reflecting 75 additional posts, for 1999, the proposed budget of $106.4 million included 838 posts, reflecting 267 additional posts, including the 75 posts requested for 1998. The Advisory Committee recommended the amount of $68,090,000 gross for the 1998 revised budget and an appropriation of $103,060,000 gross for 1999. A total of 777 out of the 838 posts requested under the assessed budget for 1999 was recommended by ACABQ.

26. For the International Criminal Tribunal for Rwanda, a revised budget in the amount of $52.3 million had been requested for 1998, including 34 additional posts. For 1999, the proposed budget was set at $80.6 million, incorporating 256 additional posts, including the 34 posts requested for 1998. The Advisory Committee recommended approval of the revised budget for 1998. For 1999, it recommended an appropriation of $76.2 million gross and a total of 778 out of the 838 requested posts under the assessed budget.

27. The Advisory Committee had conducted an extensive review of the budgets of the two Tribunals, and its reports contained a large number of observations and recommendations concerning their operation and the factors that had led to the request for additional resources. Although there had been considerable improvement in the format and presentation of the budgets, the Advisory Committee believed that further improvements should be made. While the Tribunals had made great strides in filling authorized posts, the vacancy level remained high, and for that reason, the Advisory Committee was of the view that the current vacancy rate must be reduced considerably before a determination could be made as to whether more posts were needed. Furthermore, there appeared to be a tendency to request posts and other resources to address every perceived potential development. The Advisory Committee was of the view that, since the Tribunals were currently provided with a considerable number of posts, greater effort should be made to assess the extent to which additional functions could be absorbed before a request for additional resources was made.

28. Finally, the Committee was recommending an expert evaluation of the two Tribunals. Its recommendations on that subject were contained in paragraphs 65 to 67 of its report on the International Tribunal for the Former Yugoslavia (A/53/651) and paragraphs 84 to 86 of its report on the International Criminal Tribunal for Rwanda (A/53/659).

29. **Mr. Sial** (Pakistan) said that his delegation deeply regretted the late submission of the reports of the Secretary-General, as a result of which the Advisory Committee's reports had also been delayed. The timely submission of reports was a prerequisite for the efficient functioning of the Committee. Late submission was a chronic problem which must be addressed. The presentation of the reports did not fully comply with the requirements of General Assembly resolution 52/214, part B.

30. His delegation fully supported the establishment and operation of the two Tribunals and believed that adequate resources should be provided for them. It agreed with the Advisory Committee's recommendation regarding the evaluation of the two Tribunals by a group of independent experts, which should be implemented as soon as possible. However, the recommendation that the costs of the evaluation should be borne by the budgets of the two Tribunals needed further clarification.

31. With regard to the information provided in annex V of document A/C.5/53/15, his delegation noted that three recommendations of the Office of Internal Oversight Services (OIOS) had not bee implemented, including the recommendation that the legal adviser to the Registrar should be reassigned. That situation brought to the fore the urgent need to review and evaluate General Assembly resolution 48/218, part B. His delegation noted that some gratis personnel had been accepted as late as August 1998, and it stressed that General Assembly resolution 51/243 must be implemented.

32. **Ms. Butschek** (Austria), speaking on behalf of the European Union, said it was regrettable that some documents had been issued extremely late. The European Union reserved the right to return to them at a later stage.

33. **Mr. Sulaiman** (Syrian Arab Republic) said that his delegation supported the view of the representative of Pakistan that OIOS recommendations which had not been implemented must be reviewed.

Other matters

34. **Ms. Incera** (Costa Rica) said that, in the Committee on Relations with the Host Country, her delegation had been concerned to learn about reductions in the number of security staff. She asked how many posts had been cut, how many staff were left, and whether external hiring was being resorted to.

35. **The Chairman** said that he would seek information on the subject. The number of security staff had been reduced in accordance with General Assembly resolution 50/215 A.

36. **Mr. Sulaiman** (Syrian Arab Republic) said that his delegation shared the concerns of the representative of Costa Rica; the issue must be resolved.

The meeting rose at 4.15 p.m.

United Nations A/C.5/53/SR.33

General Assembly
Fifty-third session

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Fifth Committee

Summary record of the 33rd meeting
Held at Headquarters, New York, on Monday, 23 November 1998, at 10 a.m.

Chairman: Mr. Abelian ..... (Armenia)
later: Ms. Brennen-Haylock (Vice-Chairman) ..... (Bahamas)
later: Mr. Abelian (Chairman) ..... (Armenia)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Mselle

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Programme budget implications of draft resolution A/53/L.22/Rev.2 concerning agenda item 44

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Agenda item 117: Pattern of conferences (*continued*)

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98-83608 (E)

The meeting was called to order at 10 a.m.

Agenda item 112: Review of the efficiency of the administrative and financial functioning of the United Nations (*continued*)

Revolving credit fund (*continued*) (A/52/822; A/53/645 and Corr.1)

1. **The Chairman** said he took it that the Fifth Committee wished to recommend that the General Assembly should take note of the report of the Secretary-General on a revolving credit fund (A/53/822) and the observations of the Advisory Committee thereon (A/53/645) and should decide to resume consideration of the question of the revolving credit fund at its fifty-fourth session.

2. *It was so decided.*

Results-based budgeting (*continued*) (A/53/500 and Add.1 and A/53/655)

3. **Ms. Silot Bravo** (Cuba) said that results-based budgeting was an integral part of the reform process and would bring the Organization's budgetary processes up to date. However, one of the underpinnings of reform, which was predicated on financial stability, had been violated, since the principal contributor did not pay, even though it was the principal promoter of the reform package.

4. There were oversights in the Secretary-General's report (A/53/500 and Add.1). A new report, including clearer definitions of objectives, should be submitted. More specific, task-based objectives were required, not general political objectives. Further, results-based budgeting could not be implemented until the General Assembly had been supplied with a clear set of performance indicators. She asked what stage the definition of objectives and the formulation of indicators had reached.

5. Some of the proposals in the Secretary-General's report assumed application of a sunset clause, which had yet to be approved by the General Assembly. The Secretariat would also need to provide further details of accountability mechanisms. She noted, in that connection, that the pilot project at the Economic Commission for Latin America and the Caribbean had used results-based budgeting to some extent and had included the concept of the accountability of programme managers.

6. Her delegation could not accept any impact on programme resources. A further report should be submitted to address its concerns. She supported the request for prototypes, but said that their formulation and their consideration in the Advisory Committee did not constitute agreement on results-based budgeting.

7. **Mr. Lozinski** (Russian Federation) said that the report of the Secretary-General gave a clear picture of the shortcomings of the existing budget process, in which the relationship between resources and results remained the weak link. Member States received only a minimum of information about the expenditure of the resources allocated and the achievement of the goals established, so that it was difficult for them to assess the situation and make the optimum allocation of resources among the Organization's activities. All delegations had witnessed those shortcomings during the adoption of the current budget in 1997.

8. The shortcomings could not be eliminated overnight. His delegation therefore welcomed the cautious approach taken by the Secretary-General to the development of the concept of results-based budgeting. At the present stage there was no need to make any substantive changes in the existing rules and procedures. There was no reason why the new system should not be introduced in the form proposed by the Secretary-General; the rules and procedures could be changed later in the light of experience. The Advisory Committee's "side-by-side" proposal, set out in paragraphs 3 and 4 of its report (A/53/655), therefore deserved support.

9. In ideal conditions, a shift to results-based budgeting would be a progressive innovation in the financial management of the Organization. However, the Secretary-General's report offered no answer to the main question, which was whether the Organization itself was ready for the transition. Such a transition meant virtually the total decentralization of the management of financial and human resources and the transfer of authority and responsibility for resource expenditure to the programme managers. He wondered whether the managers were ready and whether they had the capacity to undertake the transition. The introduction of the "new management culture" would be an important condition for the implementation of the Secretary-General's proposals, but it was clear that such a culture remained for the moment an academic discussion point, and the Administration was silent about the results of the efforts undertaken in that area.

10. Another important precondition of the transition would be the establishment of an effective performance appraisal system, but the Organization was still taking only the first timid steps in that direction. There was as yet no evidence that the new system would be effective and could become a valuable tool in the hands of the managers for the practical conduct of results-based budgeting. An effective system of accountability and responsibility would also have to be

introduced but, there again, only the first steps had been taken. For example, it remained impossible to identify the persons responsible for financial irregularities in the United Nations, and it was likely that, with the decentralization of control of expenditures, the number of such irregularities would increase.

11. The transition would also require a reliable information system for purposes of control and assessment of the transition and its results. The Integrated Management Information System (IMIS) was being introduced, with difficulty and delay. Additional efforts and financial resources were required with respect to information about the transition. Results-based budgeting would also call for great flexibility in the recruitment and dismissal of Secretariat staff. It was hard to see how that requirement would be compatible with the current human resources management system, in particular the use of permanent contracts. He also wondered how programme managers would be able to remove negligent staff members if the current inflexible appeals procedures were maintained.

12. The Committee would require answers to all those questions before it began its practical consideration of a gradual transition to results-based budgeting.

13. *Ms. Brennen-Haylock (Bahamas), Vice-Chairman, took the Chair.*

14. **Mr. Bay** (Singapore) said that, as a radical departure from current practice, results-based budgeting demanded careful scrutiny by the Committee and the Advisory Committee. Results-based budgeting, which had to be distinguished from cost and/or staff reduction, was essentially a system intended to enhance performance by providing an institutionalized framework for identifying targets within objectives before determining budget allocations. Its emphasis was both qualitative and quantitative.

15. Singapore had applied results-based budgeting to its Civil Service in 1996 with good results, in order to create the cohesive, nimble and responsive public sector it would need in the coming century. In a complex organization such as the United Nations, a continual process of review and refinement would be required before the benefits of results-based budgeting became apparent, but the approach might well prove appropriate.

16. Nevertheless, although the focus might shift to the expected results, the Organization could not lose sight of the management of inputs. There, too, continued improvement would be required even when goals were achieved. The Secretariat must be held accountable for both the fulfilment of goals and the way in which the inputs were managed to achieve those goals. While simplified information on post and non-post resource requirements could be incorporated in the budget document, the proposed supplementary materials to be provided to the Advisory Committee should also be made available to Member States.

17. One key concern would be the definition of outputs that were essentially unquantifiable or unpredictable. Performance indicators would have to be precisely tailored to each programme, and programme managers would need to be receptive to the views and proposals of their subordinates who, in turn, would need to see how the outputs generated met the set goals. Briefings and training should therefore be offered to programme implementers as well as programme managers.

18. **Mr. Jara** (Chile) said that results-based budgeting, although as yet untried, seemed a promising approach for an organization like the United Nations, under certain conditions. First, a methodology would have to be devised that took account of the primarily political nature of the Organization and did not simply copy procedures used in vastly different institutions. Pilot projects would then have to be introduced in order to test the new approach to the satisfaction of the Secretariat, the Member States and the administrative bodies, and the staff carrying out the projects would have to receive prior training. It was, moreover, vital to continue to apply traditional budgeting methods in parallel with results-based budgeting, as a way of assessing the advantages and disadvantages of the two systems. Such a radical departure from current procedures would, of course, require broad consensus based on solid information before it was adopted.

19. **Mr. Watanabe** (Japan) said that a thorough analysis of the advantages and disadvantages and a consensus on the part of Member States would be needed before such a new concept as results-based budgeting could be accepted. His delegation looked forward to receiving the analysis promised by the Advisory Committee in paragraph 4 of its report (A/53/655).

20. **Mr. Mirmohammad** (Islamic Republic of Iran) said that his delegation welcomed the request made by the Advisory Committee in paragraph 4 of its report for the submission of additional prototype fascicles using a results-based budgeting format and it shared the view of other delegations that the Secretariat should produce an analysis of current budgetary procedures: if the process was truly an "evolutionary" one, any defects could be corrected. An emphasis on results did not mean that resources and inputs or performance should be neglected: the need for full

implementation of mandated programmes and activities had been stressed by many delegations.

21. In the section on policy-making organs in the addendum to his report (A/53/500/Add.1), the Secretary-General noted that statements of objectives and results, and performance indicators were not required for all such organs. He would welcome clarification from the Secretariat as to which organs did require such statements and indicators.

22. **Mr. Park Hae-yun** (Republic of Korea) observed that the current budgetary practice, being largely a quantitative exercise, did not indicate satisfactorily whether expected results had been achieved, nor did it assess the quality or relevance of the outputs. His delegation therefore welcomed the Secretary-General's proposal to shift from a system of input accounting to results-based budgeting. It should improve planning, programming, budgeting, monitoring and evaluation, and make possible optimal deployment of resources and better management through reliance on performance indicators and increased delegation of authority.

23. It would, as the Secretary-General had indicated, be a difficult process to identify the performance indicators and tailor them to each programme. The proposal that he should present fascicles for three budget sections utilizing the proposed new format as a prototype when presenting the full programme budget for the biennium 2000–2001 in the current format would be a good approach. The report to be submitted by the Advisory Committee at the fifty-fourth session should shed light on many aspects of the new budget methodology.

24. **Mr. Odaga-Jalomayo** (Uganda) said that, in its informal paper circulated in response to questions put at the 31st meeting, the Secretariat explained that the Office of Legal Affairs had been selected as the subject of one of the prototype fascicles because its staff had shown an interest in the trial phase. It would have been better to have chosen a more challenging section of the budget and it should have been borne in mind that an "interest" on the part of the staff would bias the result of the exercise. On the question of the reaction of programme managers, the Secretariat stated that most of them had expressed the need for guidance and assistance, since they felt that application of results-based budgeting would require "learning by doing". Both those answers tied in with the question just put by the representative of the Russian Federation about the readiness of the Secretariat, and indeed of Member States, to undertake the exercise.

25. On the question of how the Secretariat envisaged performance indicators for political areas, his delegation had always maintained that the United Nations was unique and should therefore not focus too closely on results at the expense of inputs. According to the Secretariat's informal paper, the Member States would be made aware of the extent to which results had been achieved, since programme managers would be required to submit a results report after the close of the biennium. It would be interesting to know how the proposed new practice differed from the existing one. His delegation would also welcome clarification of the Secretariat's statement that measurement of expected results would be provided using performance indicators developed with the full cooperation of Member States. It would also like to know whether results-based budgeting constituted a departure from resolution 41/213, in particular with respect to the taking of decisions by consensus.

26. **Mr. Yussuf** (United Republic of Tanzania) said that the reports of the Secretary-General and ACABQ constituted a good starting-point for the Committee's examination of the new concept of results-based budgeting. He hoped that the Committee would not take an exclusively critical approach to the question.

27. **Ms. Zainoeddin** (Chief of the Political, Legal and Common Services Service, Programme Planning and Budget Division) said that the Secretariat welcomed the comment that had been made in the Committee and would take it fully into account. It was particularly interesting to hear that some countries had already implemented results-based budgeting: an account of their experience would be useful to the Secretariat.

28. In reply to the question put by the representative of Cuba, she said that programme managers had been briefed on results-based budgeting and, as mentioned in paragraph 38 of the Secretary-General's report (A/53/500), a guide on the topic had been prepared to assist them. Under the new system, time-limited objectives would have no connection with a sunset clause, but would apply only within the context of the biennium.

29. On the question of policy-making organs, raised by the representative of the Islamic Republic of Iran, it must be remembered that such organs accounted for only a small budget section, which did not include objectives or results because the work of substantive departments in support of those organs was dealt with in other sections. The section on policy-making organs in the addendum to the report (A/53/500/Add.1) referred only to resources for servicing intergovernmental bodies and not to the resources of the Office of Legal Affairs.

30. The Secretariat had, in fact, held lengthy discussions with the Office of Legal Affairs before selecting it as a

subject for one of the prototype fascicles because the concept was so new to the Office. The Secretary-General had always intended to produce additional fascicles on more complicated sections of the budget.

31. On the question of how Member States would know what results had been achieved from the implementation of the budget, it was true that the current performance reports on the Organization's output constituted a counting exercise and did not include any qualitative assessments.

32. *Mr. Abelian (Armenia), Chairman, resumed the Chair.*

33. **The Chairman** said that the Committee could either take an immediate decision on the question or decide to take it up in informal consultations.

34. After a procedural discussion in which **Mr. Armitage** (Australia), **Mr. Moktefi** (Algeria), **Ms. Powles** (New Zealand), **Ms. Silot Bravo** (Cuba) and **Mr. Odaga-Jalomayo** (Uganda) took part, **the Chairman** said he took it that the Committee wished to take up the question of results-based budgeting in informal consultations.

35. *It was so decided.*

Agenda item 113: Programme budget for the biennium 1998–1999 (*continued*)

Programme budget implications of draft resolution A/53/L.20 concerning agenda item 44 (A/53/674; A/C.5/53/25 and Corr.1 and A/C.5/53/32 and Corr.1)

36. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the Advisory Committee's report (A/53/674) on the statement of programme budget implications submitted by the Secretary-General (A/C.5/53/32 and Corr.1), said that the Advisory Committee's views on the performance report for the period from 1 January to 31 December 1998 (A/C.5/53/25 and Corr.1) were contained in paragraphs 5 to 9 of its report; the rest of its report dealt with the requirements of the United Nations Verification Mission in Guatemala (MINUGUA) for the period from 1 January to 31 December 1999.

37. The Secretary-General had estimated the cost of extending the mandate of MINUGUA for an additional period of 12 months at $27,648,800 under section 3 of the programme budget for the biennium 1998–1999; that amount would be partially offset by an unencumbered balance of $5,008,000 from the appropriation approved for the period from 1 January to 31 December 1998. Accordingly, the Secretary-General was proposing an additional appropriation of $22,640,800.

38. The Advisory Committee concurred with that proposal. It therefore recommended an additional appropriation of $22,640,800 under section 3, Peacekeeping operations and special missions, together with an additional appropriation of $2,465,700 under section 32, Staff assessment, to be offset by a corresponding amount under income section 1, Income from staff assessment.

39. **Ms. Castellanos González** (Guatemala) said that her delegation welcomed the support of the international community for the peace process in Guatemala and the activities of MINUGUA. The process, in particular constitutional reform, was proceeding satisfactorily, uniting all Guatemalans under the ideal of living in peace and working together for a better future.

40. She urged the Fifth Committee to do everything possible to ensure that the necessary resources were found for the operation to continue, and urged that the decision should be taken by consensus.

41. **Ms. Silot Bravo** (Cuba) asked why extrabudgetary, rather than regular budget, resources were being used for central functions. Her delegation supported the request for additional funding provided that it was the subject of an additional appropriation assessed on Member States.

42. **Mr. Herrera** (Mexico), speaking also on behalf of Colombia, Norway, Spain, the United States of America and Venezuela, said that the Group of Friends of the Guatemalan Peace Process had submitted draft resolution A/53/L.20 with the aim of extending the mandate of MINUGUA from 1 January to 31 December 1999. The report submitted by the Secretary-General on the performance of MINUGUA reflected progress in the implementation of the peace agreements, as well as the desire of the Parties to move forward towards peace, reconstruction and reconciliation. The report also highlighted the important role of MINUGUA, which had brought stability in the political, economic, social and institutional areas, and which remained an essential element in promoting compliance with the commitments undertaken.

43. While the progress that had been made was primarily due to the will of the Guatemalan people, the support of the international community had been fundamental. The Group of Friends trusted that the General Assembly, conscious of the magnitude of the challenge remaining, would ensure continuance of the mandate of MINUGUA through 1999.

44. **Ms. Zainoeddin** (Chief of the Political, Legal and Common Services Service, Programme Planning and Budget Division), responding to the representative of Cuba, said that the activities funded from extrabudgetary resources were,

in fact, primarily technical cooperation activities, which were normally funded from that source. In accordance with General Assembly resolution 41/213, an additional appropriation would be required.

45. **The Chairman** suggested that, on the basis of the statement of the Secretary-General on the programme budget implications (A/C.5/53/32 and Corr.1) and on the recommendation of the Advisory Committee (A/53/674), the Fifth Committee should recommend to the General Assembly that it should take note of the performance report of the United Nations Verification Mission in Guatemala for the period from 1 January to 31 December 1998 (A/C.5/53/25) and inform the General Assembly that, should it adopt draft resolution A/53/L.20, an additional appropriation of $22,640,800 would be required under section 3 of the programme budget for the biennium 1998–1999, Peacekeeping operations and special missions, and an additional appropriation of $2,465,700 would also be required under section 32, Staff assessment, to be offset by a corresponding amount under income section 1, Income from staff assessment. Those requirements would be considered in the context of the first performance report for the biennium 1998–1999.

46. *It was so decided.*

Programme budget implications of draft resolution A/53/L.22/Rev.2 concerning agenda item 44
(A/C.5/53/33)

47. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions), orally introducing the Advisory Committee's report on the statement of programme budget implications (A/C.5/53/33), said that the Secretary-General was proposing the continuation in 1999 of the arrangements already approved for 1998. That would require resources equivalent to one staff member at the P-4 level and one at the General Service level. The Advisory Committee concurred with the Secretary-General's request for an additional appropriation of $184,300 under section 3, should the General Assembly adopt draft resolution A/53/L.22/Rev.2.

48. **The Chairman** suggested that, on the basis of the statement of the Secretary-General on the programme budget implications and on the recommendation of the Advisory Committee, the Fifth Committee should inform the General Assembly that, should it adopt draft resolution A/53/L.22/Rev.2, an additional appropriation of $184,300 would be required under section 3 of the programme budget for the biennium 1998–1999, and an additional appropriation of $34,800 would also be required under section 32, Staff assessment, to be offset by a corresponding amount under income section 1, Income from staff assessment. Those requirements would be considered in the context of the first performance report for the biennium 1998–1999.

49. *It was so decided.*

Revised estimates resulting from resolutions and decisions of the Economic and Social Council at its substantive session of 1998 (continued)
(A/C.5/53/2)

50. **Mr. Khamis** (Chief of the Economic, Social and Human Rights Service, Programme Planning and Budget Division) said that the additional information requested by the representative of Cuba in connection with the report of the Secretary-General (A/C.5/53/2) had been circulated to members. The additional mandates approved by the Commission on Human Rights at its latest session totalled $231,500. That amount would be absorbed from the termination of assistance to Guatemala in the field of human rights and from the utilization of projected 1998 savings of $110,500 under section 22 (Human rights) of the programme budget resulting from a higher vacancy rate ($48,800) and from the non-renewal by the Commission of the mandate to review the situation of human rights in Cuba ($61,700).

51. **Ms. Silot Bravo** (Cuba) said that she would still like information on when discussions had been held and a decision taken on document A/C.5/52/42, which was closely related to the matter under consideration. She also drew attention to resolution 52/220, section III, paragraphs 78 and 79, relating to section 22 (Human rights) of the programme budget, which clearly stated that no funds directly related to non-mandated activities were to be committed pending consideration of the report of the Secretary-General on the relationship between the treatment of perennial activities in the programme budget and the use of the contingency fund, a report which had been requested in resolution 44/201 B, section XI, paragraph 2. She would like to know when the Committee intended to consider that report. As for the additional information just provided, her delegation needed more time to study it.

Agenda item 117: Pattern of conferences (*continued*)
(A/51/946; A/52/685; A/53/16 and A/53/669)

52. **Mr. Sial** (Pakistan), referring to the report of the Joint Inspection Unit (JIU) on United Nations publications, transmitted by the Secretary-General in his report (A/51/946), said that steps should certainly be taken to make publications more cost-effective without undermining their great usefulness to Member States. His delegation felt that

the report placed undue emphasis on savings, since some costs were unavoidable. Moreover, it failed to deal with certain important points subsequently brought out in the note by the Secretary-General (A/52/685), but referred to irrelevant issues such as sunset provisions, and issues such as the review of mandates that were within the competence of the Committee for Programme and Coordination (CPC), which was dealing effectively with the matter.

53. In its report (A/53/669), the Advisory Committee recommended action on some of the recommendations of JIU in the context of the programme budget for the biennium 2000–2001. The programme budget should, however, deal only with activities mandated in the medium-term plan and should not reflect policy issues that had not yet been discussed by the legislative bodies.

54. His delegation concurred with the conclusions and recommendations of CPC (A/53/16, paras. 347–350) on the JIU recommendations: taking into account the comments of the Secretary-General and the recommendations of the Advisory Committee, JIU recommendations 1, 3, 5, 7, 8 and 9 needed further clarification and should not for the moment be implemented; recommendation 11 could be approved subject to the Secretary-General's comments; and recommendations 12, 13, 15, 17 and 18 should be discussed in the light of the Secretary-General's comments.

The meeting rose at 11.45 a.m.

United Nations A/C.5/53/SR.34

General Assembly
Fifty-third session

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Fifth Committee

Summary record of the 34th meeting
Held at Headquarters, New York, on Monday, 23 November 1998, at 3 p.m.

Chairman: Mr. Abelian ..... (Armenia)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Mselle

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Agenda item 135: Financing of the International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991 (*continued*)

Agenda item 137: Financing of the International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994 (*continued*)

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98-83626 (E)

The meeting was called to order at 3 p.m.

Agenda item 135: Financing of the International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991 (*continued*) (A/52/520 and A/52/891; A/53/651; A/C.5/52/47; A/C.5/53/12 and A/C.5/53/13)

Agenda item 137: Financing of the International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994 (*continued*) (A/52/520 and A/52/784; A/53/659; A/C.5/52/48; A/C.5/53/14 and A/C.5/53/15)

1. **Mr. Watanabe** (Japan) said that his Government had already expressed its support for the activities of the International Tribunal for the Former Yugoslavia. At the same time, it attached importance to the principle of accountability and transparency in the budget preparation process and to efficiency in the use of funds. The costs of the Secretary-General's budget proposal was far too high, and his delegation could not endorse it. The proposed budget for 1999 was 55 per cent higher than the initial budget for 1998 and almost triple the original 1997 budget. The reasons given for the increase, that the third Trial Chamber was in full operation and the number of cases was increasing, were not convincing given the high vacancy rate. His delegation would be very interested in seeing a detailed explanation of the need for a total of 267 additional posts.

2. It had been suggested that, in comparison with the International Court of Justice, the International Tribunal for the Former Yugoslavia was overstaffed at the administrative level. His delegation therefore requested a comparison of the number of administrative staff per judge, in both the Professional and the General Service categories, in the two International Tribunals and the International Court of Justice, along with a comparison of costs. More time should be allocated to consideration of the proposed budgets for the International Tribunals. A third-party review of the activities of the International Tribunals was needed, and in that regard his delegation fully supported the recommendations of ACABQ in paragraphs 65 to 67 of its report (A/53/651).

3. Many of the concerns already expressed regarding the International Tribunal for the Former Yugoslavia also applied to the financing of the International Criminal Tribunal for Rwanda. The main difference between the situations was that the functions of the latter were divided between The Hague, Arusha and Kigali. However, even taking that element into consideration, his delegation did not understand the necessity for the 1999 budget request of $80.6 million, an increase of 43.6 per cent over the 1998 initial appropriation. It intended to seek further clarifications in the consultations, including information on the number of administrative staff members per judge and their cost.

4. **Mr. Odaga-Jalomayo** (Uganda) said that his delegation attached great importance to the International Tribunals for the Former Yugoslavia and Rwanda and therefore deeply regretted the late submission of reports under the relevant agenda items. The General Assembly should take a decision that only agenda items for which reports had been issued in compliance with the six-week rule would be considered, unless there was a clear explanation from the Secretariat of the reason for the delay.

5. His delegation had noted with satisfaction the corrective measures implemented by the new administration of the International Criminal Tribunal for Rwanda, and it encouraged the administration to strive for even higher levels of management efficiency. Management problems still requiring attention included the high vacancy rate, slow recruitment process, lack of recent accounting data, controls over expenditures on fuel, supplies and materials in particular, backlog in procurement activities and, most important of all, the health of detainees and their conditions of detention.

6. His delegation welcomed the decision of the Security Council that the three newly elected judges should begin their terms of office as soon as possible. It was concerned, however, about the administrative weaknesses resulting from the fact that the Prosecutor was permanently stationed at The Hague, while the Deputy Prosecutor was stationed at Kigali. In order to operate effectively, each Tribunal should surely have its own Prosecutor, and it was to be hoped that the Secretary-General would take steps to address that concern. It seemed that, with the use of modern communications technology, effective coordination and communication could be maintained between The Hague and Arusha without the need to transfer the Arusha staff to The Hague. Therefore, his delegation would have difficulty in supporting the continuation of the five Professional and two General Service posts at The Hague, and unless provided with very convincing reasons it could not support the creation of the

new P-4, P-2 and General Service posts for the President of the Appeals Chamber to be stationed at The Hague.

7. The transfer of the Trial Section from Kigali to Arusha must be carried out in a manner that did not disrupt its operations. His delegation was pleased to note that fees for defence counsel for the two Tribunals were similar, as it had always held the view that the two Tribunals and any future tribunals should have similar arrangements to the extent possible. It concurred with the opinion of ACABQ as reflected in paragraph 52 of document A/53/659, and it also supported the proposals made in paragraphs 84 to 86 of the same document.

8. With regard to the International Tribunal for the Former Yugoslavia, his delegation was disappointed with the 1999 budget format, which was based on projected activities rather than actual performance results of workload indicators. It shared the concern of ACABQ that in the revised estimates for 1998 the combined vacancy situation of the organ of the Tribunal did not support the new posts assumed (A/53/651, para. 12). His delegation would welcome information on expenditures for public relations and information. It could not endorse the requests for the establishment or reclassification of posts and the establishment of new units unless there was more convincing justification.

9. **Mr. Wharton** (United States of America) said that in general, his delegation supported the recommendations of ACABQ regarding the International Tribunals for the Former Yugoslavia and Rwanda. In particular, it supported the recommendation that a management review should be undertaken of both Tribunals. However, it believed that the Office of Internal Oversight Services (OIOS) should conduct the review, rather than independent experts as recommended by ACABQ in paragraph 84 of document A/53/659.

10. With regard to the International Criminal Tribunal for Rwanda, his delegation continued to be concerned about reports of inefficiency, particularly in hiring and procurement practices. Hiring must be accelerated in order to pursue investigations and undertake trials. Procurement difficulties must be resolved in order that needed equipment might be obtained and put to use. His delegation supported the ACABQ recommendation that 29 new language posts should be established (A/53/659, para. 71). The Trust Fund should be used to meet the critical needs of the Office of the Prosecutor and of the Trial Chambers. His delegation agreed that, in order to enhance the effectiveness and professionalism of the judges, the number of legal assistants should be increased from 9 to 18. It looked forward to a detailed discussion of the budget submissions for both Tribunals during informal consultations.

11. **Ms. Buergo-Rodriguez** (Cuba) said that her delegation looked forward to receiving detailed information on the International Criminal Tribunal for Rwanda during the informal consultations. Specifically, it would like to know what recruitment methods were being used, the extent to which the absence of the Prosecutor was a handicap, and what standards were being applied in the area of conditions of detention for those awaiting trial.

The meeting rose at 3.30 p.m.

United Nations A/C.5/53/SR.35

General Assembly
Fifty-third session

Official Records

Distr.: General
4 December 1998

Original: English

Fifth Committee

Summary record of the 35th meeting
Held at Headquarters, New York, on Tuesday, 24 November 1998 at 10 a.m.

Chairman: Mr. Abelian ..... (Armenia)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Mselle

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Agenda item 121: United Nations pension system (*continued*)

Agenda item 135: Financing of the International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991 (*continued*)

Agenda item 137: Financing of the International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994 (*continued*)

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98-83638 (E)

The meeting was called to order at 10 a.m.

Agenda item 121: United Nations pension system (*continued*) (A/53/9/Add.1 and A/53/696)

1. **Mr. Gieri** (Secretary of the United Nations Joint Staff Pension Fund) introduced the report of the United Nations Joint Staff Pension Board on the application of the Interim Commission for the International Trade Organization/ General Agreement on Tariffs and Trade (ICITO) for withdrawal from the United Nations Joint Staff Pension Fund (A/53/9/Add.1). The United Nations pension system had never before received an application from an organization wishing to terminate its membership. In accordance with article 16 of the Regulations of the United Nations Joint Staff Pension Fund, the withdrawal procedure involved five steps: first, an application for termination must be submitted; second, the Board must make an affirmative recommendation on the application; third, the General Assembly must take a decision to act on the Board's recommendation; fourth, the Board must determine the withdrawing organization's proportionate share of the total assets of the Fund at the date of termination; and fifth, the organization and the Board must agree on modalities for the payment of that share.

2. The methodology for determining the proportionate share of the assets was described in paragraphs 7 to 9 of the report. The deduction referred to in paragraph 7 (a) was intended to create a pension reserve. The key factors in determining the proportionate share were the market value of the Fund's assets on the termination date and the interest rate used to calculate the capital value of the pension reserve. Paragraphs 10 to 18 of the report described in detail the determination of the rate to be used in the calculations, including the two reductive factors applied in order to ensure coverage of administrative expenses and contingencies such as currency risks, while paragraphs 19 to 24 dealt with the limitation on the amount of the proportionate share according to the principle that no surplus in the Fund should be included in that amount. Paragraph 25 contained a summary of the Board's recommendations.

3. In applying for termination of its membership in the Fund, ICITO had specified two conditions: the termination had to be approved by its staff, and it had to be satisfied with the transfer amount. While the first condition had been met through the conduct of a referendum in which 62 per cent of the staff had voted in favour of withdrawing from the Fund, the second condition could not be met until the transfer amount had been calculated as at the date of termination, which was 31 December 1998. As indicated in paragraph 30 of the report, the Board had extensively discussed the political, legal, financial and administrative implications of dealing with a conditional application. In recommending termination of the membership of ICITO, the Board had decided that written notification of the unconditional desire of ICITO to withdraw from the Fund should not be required until 15 January 1999, by which time the approximate amount of the proportionate share would be known. Moreover, the Board had recommended the inclusion of a provision to hold the Fund harmless with respect to any claims between 1 and 15 January 1999. All parties concerned, including the Legal Counsel and the consulting actuaries of ICITO, had participated in the Board's discussions. The draft resolution to be submitted for the General Assembly's consideration was contained in paragraph 32 of the report.

4. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the Advisory Committee's report on the application of ICITO for withdrawal from the Pension Fund (A/53/696), said that the Advisory Committee agreed with the Board's recommendation that the membership of ICITO in the Fund should be terminated, and recommended that paragraph 5 of the draft resolution contained in paragraph 32 of the Board's report (A/53/9/Add.1) should be expanded to include the scope of the "hold harmless" provision.

Agenda item 135: Financing of the International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991 (*continued*) (A/52/520 and A/52/891; A/53/651; A/C.5/52/47; A/C.5/53/12 and A/C.5/53/13)

Agenda item 137: Financing of the International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994 (*continued*) (A/52/520 and A/52/784; A/53/659; A/C.5/52/48; A/C.5/53/14 and A/C.5/53/15 and Corr.1)

5. **Ms. Butschek** (Austria), speaking on behalf of the European Union, said that she welcomed the establishment of a third Chamber in each of the two Tribunals, whose work had expanded in the past year. The resulting significant

increase in the budgets of the Tribunals for 1999 had been thoroughly reviewed by the Advisory Committee, and she supported the recommendations and budget levels proposed by the latter. She was concerned about the persistently high vacancy rates in the Tribunals, and asked the Secretariat how it assessed that situation, what the reasons were for the recruitment problem, and what measures it had taken in response. The latest statistics on the matter would also be useful.

6. With respect to the expert reviews recommended by the Advisory Committee (A/53/651, para. 65, and A/53/659, para. 84), she felt that the Office of Internal Oversight Services (OIOS) should follow up the issue if the goal was to conduct a management review. In that context, priority should be given to recruitment procedures. Purely legal issues and matters pertaining to the statutes of the Tribunals could not be reviewed in that kind of exercise, but she would welcome a decision by the Tribunals themselves to undertake a critical examination of their working methods.

7. The current infrastructure of the International Tribunal for the Former Yugoslavia was sufficient and up to date. In the case of the International Criminal Tribunal for Rwanda, she noted the status report on the implementation of the recommendations of OIOS (A/52/784, annex). Despite the corrective action taken, some important administrative issues had not yet been addressed. All recommendations for improving the Tribunal's administration must be fully implemented. She expected the Secretary-General to keep Member States informed of ongoing developments, such as measures to enhance staff security and to improve the witness protection programme. Lastly, she reaffirmed the European Union's full commitment to the effective functioning of the two Tribunals.

8. **Mr. Jaremczuk** (Poland), **Mr. Bliznikas** (Lithuania) and **Mr. Stanescu** (Romania) said that their delegations wished to align themselves with the statement made by the representative of Austria on behalf of the European Union.

9. **Mr. Saha** (India) said that his delegation had noted the large amount of funding required for the two Tribunals, and wondered why the Secretariat had not projected such large amounts for the economic and social sectors, since requirements in those sectors were great and the relevant committees constantly pointed out the desirability of investing in them. He was not clear about the source of funding for the Tribunals and wondered whether the funds would come from within existing resources.

The meeting rose at 10.25 a.m.

United Nations A/C.5/53/SR.36

General Assembly
Fifty-third session

Official Records

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Fifth Committee

Summary record of the 36th meeting
Held at Headquarters, New York, on Wednesday, 25 November 1998, at 10 a.m.

Chairman: Mr. Abelian ..... (Armenia)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Mselle

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Agenda item 116: Administrative and budgetary coordination of the United Nations with the specialized agencies and the International Atomic Energy Agency

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98-83662 (E)

The meeting was called to order at 10 a.m.

Agenda item 116: Administrative and budgetary coordination of the United Nations with the specialized agencies and the International Atomic Energy Agency (A/53/647)

1. **Mr. Dossal** (Director, Management Policy Office), introducing the statistical report by the Administrative Committee on Coordination (A/53/647), said that the Fifth Committee would recall that the Secretary-General, as Chairman of the Administrative Committee on Coordination, had been requested to submit statistical reports on coordination every two years, and to include information on assessed and voluntary contributions paid by Member States and non-member States in each of the two prior calendar years. The report before the Committee was the fifth of its kind, and had been prepared on the basis of information provided by the organizations of the United Nations system.

2. **The Chairman** said that he took it that the Fifth Committee wished to recommend to the General Assembly that it should take note of the report of the Secretary-General on the budgetary and financial situation of organizations of the United Nations system: statistical report by the Administrative Committee on Coordination (A/53/647) and the relevant paragraphs of the first report of the Advisory Committee on Administrative and Budgetary Questions (A/53/7).

3. *It was so decided.*

The meeting rose at 10.05 a.m.

United Nations A/C.5/53/SR.37

General Assembly
Fifty-third session

Official Records

Distr.: General
15 December 1998

Original: English

Fifth Committee

Summary record of the 37th meeting
Held at Headquarters, New York, on Monday, 30 November 1998, at 10 a.m.

Chairman: Mr. Abelian ..... (Armenia)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Mselle

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Agenda item 135: Financing of the International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991 (*continued*)

Agenda item 137: Financing of the International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994 (*continued*)

Organization of work

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The meeting was called to order at 10 a.m.

Agenda item 113: Programme budget for the biennium 1998–1999 (*continued*)

Integrated Management Information System project (A/53/7/Add.7, A/53/573 and A/53/662)

1. **Mr. Connor** (Under-Secretary-General for Management) said that the tenth progress report of the Secretary-General on the Integrated Management Information System (IMIS) project (A/53/573) was closely linked with the report by the independent experts (A/53/662) and to the previous progress report and the 1997 report of the Board of Auditors. As requested by the General Assembly, the Secretariat had based its plan of action largely on the independent experts' report. The Secretariat had tried to provide a balanced view of current activities, its responses to the requests of the General Assembly and the Board of Auditors, the progress made, and the challenges to be taken up.

2. The outstanding issues must be dealt with one by one on the basis of priorities. Firstly, the delay in completing Release 4 (Payroll) had occurred because the contractor had underestimated the amount and complexity of the work to be done. The Secretariat was working hard with the contractor to ensure delivery of the software by the end of January 1999. The implementation of Release 4 would be the last major effort at Headquarters. Difficulties would certainly arise, but the Secretariat was confident that they would be overcome. Implementation at other headquarters offices would be less complex.

3. Secondly, the delays in implementing Release 3 (Finance and support services applications) at offices away from Headquarters had been due to the priority given to enhancing the software. Again, difficulties were likely to arise, and major efforts would be required by management and staff at all duty stations. However, the Secretariat was also confident that Release 3 would be implemented on time.

4. Thirdly, the offices of the Department of Management had not yet completely taken over the operation of the software. The recommendations of the independent experts were being analysed by each office and by the Task Force on Common Services. The IMIS Steering Committee would treat the matter as a priority over the next few weeks in order to ensure that the responsibilities of each area were well defined and that the final structure to support the operations could be put in place.

5. The Secretariat did not underestimate the remaining difficulties but was also more confident than in the past because of the progress made since December 1997. It had made every effort to address most of the requests of the General Assembly and the recommendations of the Board of Auditors. That progress had been made possible by the dedication and hard work of staff members in New York and at the other headquarters offices. Most of the activities would be carried out by United Nations staff, and the maintenance of the system had already been taken over from the main contractor.

6. The report of the independent experts would help Member States and the Administration to understand better what had been achieved and what had not been done well. It did not contradict but rather complemented the report of the Board of Auditors, which, as an audit report, had concentrated on the issues which the Board had felt needed to be addressed. The experts' report was a management report and put the Board's findings into perspective. It highlighted one point so far overlooked: IMIS was not merely a technological project but a major reform with an impact reaching far beyond data processing to affect the majority of the Organization's administrative practices. It was an important tool in the reforms launched by the Secretary-General.

7. The report of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) on the topic (A/53/7/Add.7) highlighted some of the findings of the experts, but he wished to stress one vital point: at the time of the project's launch there had been no commercial system meeting the United Nations requirements. Such a system was still not available, but the approach taken by the United Nations since 1990 was in line with the current industry trends. The experts had also identified the shortcomings which had complicated the project: the lack of a corporate information technology plan for the Secretariat; the lack since the outset of adequate staff resources to support the effort; the gross underestimate of the volume of report writing required; and the delays in the establishment of operations support in the user offices of the Department of Management.

8. He intended personally to monitor the progress made in each of those areas. The new Director of the Information Technology Services Division, who was about to be recruited, would have to deal immediately with the lack of a corporate information technology plan. Furthermore, the Secretary-General had recently proposed that the issue of information technology should be placed on the agenda of the next meeting of the Advisory Committee on Coordination (ACC). Good progress was also being made in the IMIS common services working group for the creation of a common maintenance team. Close cooperation had been

established with the United Nations Development Programme (UNDP) and arrangements might be agreed upon within the next few months with all the other IMIS users. Such arrangements would be referred to ACABQ.

9. In the light of the views of the independent experts and the recommendations of the Board of Auditors, the Secretariat had revised the cost projections submitted in 1997. It had reviewed the current status of the project, bearing in mind that problems might still arise in software development and the implementation of Releases 3 and 4 at offices away from Headquarters. The revised estimates were described in chapter III of the progress report. The total additional requirement was estimated at $9.5 million: $6.5 million for the current and $3 million for the next biennium. If those costs had to be further revised, the changes would be only marginal because the project was close to completion and there were fewer unknown areas to deal with. The major difficulties had been overcome; as the independent experts stated, the Secretariat had not failed.

10. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that the Advisory Committee had welcomed the format and clarity of the Secretary-General's tenth progress report (A/53/573) and in paragraph 3 of its own report (A/53/7/Add.7) it had summarized some of the main conclusions and recommendations of the independent experts. In paragraph 5 it stressed the importance of implementation by the Secretariat of all the recommendations and had indicated what information would be required in the next progress report. In paragraph 7 it recommended that the General Assembly should endorse the recommendations and request the Secretary-General to present detailed information on their implementation. The Advisory Committee had been gratified to learn of the progress which the Secretariat had already made.

11. As the Under-Secretary-General for Management had pointed out, an additional $9.5 million would be required, bringing the total for the project to $77.6 million, including $6.5 million mainly for implementation of IMIS at offices away from Headquarters, a matter which the independent experts considered should be a priority for 1999. The remaining $3 million would be needed in the biennium 2000–2001. In paragraph 17 of its report the Advisory Committee recommended that the General Assembly should approve an additional amount of $9.5 million for the completion of IMIS.

Agenda item 112: Review of the efficiency of the administrative and financial functioning of the United Nations (*continued*)

Procurement reform and outsourcing (A/52/338 and Add.1, A/52/887 and A/52/1010; A/53/271 and Add.1 and Corr.1, and A/53/692; A/C.5/52/46)

12. **Mr. Niwa** (Assistant Secretary-General for Central Support Services) said that, in addition to the reports currently before the Committee, relevant procurement matters had also been addressed by the Board of Auditors in its report (A/53/5) and by ACABQ in its related report (A/53/513). As suggested by ACABQ, the Secretariat would shortly provide the Committee with further written information on the issues raised by the Board. Developments since the issue of the Secretary-General's report on procurement reform (A/53/271 and Corr.1) were described in addendum 1 thereto. The Advisory Committee had noted in its report (A/53/692) that a substantial number of prior observations and recommendations had been addressed. The action taken by the Secretariat was a response to the fundamental aim of the procurement reform: to improve the efficiency, cost-effectiveness, transparency, fairness and integrity of the procurement process.

13. In particular, the Secretariat had addressed the recommendations of the High-level Group of Experts on Procurement. It was confident that it was appropriate and practical to retain the ombudsman function in the Department of Management. The issue of the revised *Procurement Manual* had clarified a number of the matters connected with authority and procedure. More important, the Manual was now a useful tool. It had been placed on the United Nations Intranet in October, and a network of key units in the Procurement Division would be consulted for its regular revision.

14. In response to the General Assembly's request in resolution 52/226 A, paragraph 10 of the Secretary-General's report contained a comprehensive policy statement on exigency needs. Since ACABQ had expressed concern about the definition of exigency, he would seek the advice of the Office of Legal Affairs with a view to improving the text. Only two cases of exigency had been submitted so far in 1998. Exigency was being used appropriately in the procurement process.

15. The Secretariat supported the principle underlying paragraph 17 of resolution 52/226 A that requisitioners should not be permitted to specify the source of manufacture or supply. However, termination of the practice might

adversely affect efficiency and economy. The Secretariat therefore requested the Committee to reconsider the matter.

16. The General Assembly had stressed the desirability of increasing procurement from developing countries and countries with economies in transition. The report of the UNDP Inter-Agency Procurement Services Office (IAPSO) showed that in 1997 41 per cent of system-wide procurement had been from such countries. Much remained to be done, but the situation was improving dramatically. Again in 1997, 9 per cent of United Nations procurement had been from developing countries, as against 0.07 per cent in 1996. The Secretariat had found that the figure of 25 per cent for developing countries given in the IAPSO report should have been 58 per cent, up from virtually nil in 1996. None of the organizations in the system used specific margins of preference for suppliers from developing countries, although the international financial institutions allowed a limited exception. The increase in procurement from developing countries had been achieved by other measures, including improved market research, business seminars in developing countries, increased short listing of suppliers from developing countries and increased delegation of authority to field operations. The United Nations and the Governments concerned would have to make joint efforts if procurement from developing countries and countries with economies in transition was to be increased further.

17. In the procurement statistics of the United Nations system the rules of origin were applied on the basis of the location of the supplier in the case of goods and on the location of the company's headquarters in the case of services. The Advisory Committee had expressed concern about that methodology. However, whatever the methodology, rules of origin were difficult and costly to apply. A special committee had been working for three years under the auspices of the World Trade Organization (WTO) to establish a standard rule of origin. Such a rule would necessarily be extremely complicated since many countries might be involved in the manufacture of a product. For practical reasons, therefore, the current system should be continued; consideration could be given to the WTO rule once it had been established.

18. The information on preferential treatment for Member States not in arrears was contained in the corrigendum to the Secretary-General's report. It was hoped that the information, which included the opinion of the Legal Counsel, would enable the Committee to explore the matter further.

19. He had noted the views of the Advisory Committee on the request to upgrade the post of chief of the Procurement Division to D-2. The classification of the post should not be determined solely by the magnitude of the volume of procurement; consideration should also be given to how the procurement function was to be performed and to the role to be played by the Division's chief. The procurement reforms mandated by the General Assembly demanded a high level of professionalism, coordination and discipline throughout the Organization. The chief was also expected to assume a leadership role. The measures currently being taken with respect to common services were expected to produce a harmonized framework for procurement. Taking into account the size of other units in the Secretariat and the other organizations involved, he felt that the Procurement Division did indeed require an experienced professional at the D-2 level.

20. Since the regulations and rules on procurement were contained entirely within the Financial Regulations and Rules, the task of making changes had entailed extensive coordination with other Secretariat units. The Department of Management was still studying ways of integrating the procurement changes with the other changes to the Financial Regulations and Rules. The Secretariat was committed to continued progress in procurement reform. However, the Department would have to establish an order of priorities among the areas covered by the decisions on such reform. It would need the Committee's support and guidance in that task.

21. Important results had been achieved by the common services initiative, and the future of procurement in the Secretariat must be seen as part of that common effort. One important achievement had been the development of common procurement regulations, which posited the concept of value for money in the place of the existing basis of the lowest acceptable bid. Such harmonization of the regulations would lead to closer cooperation, savings, and more effective procurement in the United Nations and in the funds and programmes. The Board of Auditors might examine that point in the context of the proposed horizontal audit of procurement requested by ACABQ. The implementation of the United Nations Common Supplier Database (UNCSD) would also improve efficiency and transparency. Twelve organizations, including the Secretariat, had undertaken to share a single supplier database. UNCSD was expected to provide a single gateway for suppliers into the system, eliminating the need for suppliers to register with each organization. Eventually, the organizations would also share supplier evaluation information. The database would also reduce roster maintenance costs and the need to use suppliers identified by requisitioners, as well as facilitating procurement from developing countries.

22. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that, at the suggestion of ACABQ, the Secretary-General's report had been corrected and an addendum issued, allowing the Advisory Committee to produce a much shorter report (A/53/692). The addendum showed that great progress had been achieved in implementing the recommendations on procurement reform made by the General Assembly, the Board of Auditors and ACABQ. The Advisory Committee had requested the Board to evaluate the effectiveness of the reform measures.

23. The Advisory Committee insisted that the Board's recommendations on the use of suppliers recommended by requisitioners should be implemented. In paragraphs 7 to 9 of its report it commented on procurement from developing countries and in paragraph 10 it noted that the Secretary-General's definition of exigency was too broad to be of any value in exercising the required control. It had therefore not pronounced on that subject, pending further discussion with the Board of Auditors. The Advisory Committee had maintained its previous position on the proposed reclassification of a D-1 post to the D-2 level.

Agenda item 119: Human resources management (*continued*) (A/53/327, A/53/385, A/53/414, A/53/526 and Add.1, A/53/548 and A/53/642)

24. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that in paragraph 8 of the part of its report on human resources management (A/53/691) dealing with vacancies in the Secretariat the Advisory Committee recommended that the General Assembly should adopt option B in annex II of the Secretary-General's report (A/53/327). It was his own view that the matter should not be postponed and that the Fifth Committee should take action even if many of the subjects taken up under item 119 were postponed to a resumed session.

25. The Advisory Committee's comments on the employment of retirees were contained in paragraphs 9 to 13 of its report. It welcomed the report of the Secretary-General as a first step to the establishment of a procedure by which the General Assembly could monitor the employment of retired personnel. In the penultimate sentence of paragraph 10, the reference should have been to persons "who have retired at or after age 60 or 62" and to "those who have elected to receive a withdrawal settlement". The Secretary-General had applied the definition of retiree contained in resolution 51/408, and the Advisory Committee had agreed with that definition. However, it had recommended that a start should be made on monitoring some personnel not covered by the definition. There were several weaknesses in the current system for monitoring compliance with General Assembly decisions. The Advisory Committee trusted that the installation of IMIS in offices away from Headquarters would address those weaknesses.

26. Some of the deficiencies in the Secretary-General's report on consultants and individual contractors were described in paragraph 15 of the ACABQ report. For example, the General Assembly's request, made on the recommendation of the Advisory Committee, that the Secretary-General's report should follow the format used in previous years had not been complied with. The Secretariat should look at how the subject was reported on in the past. In the meantime, because of the somewhat low quality of the report, the Advisory Committee had been unable to evaluate the statistics contained therein.

27. The Advisory Committee recommended that the comprehensive guidelines for the use of consultants in the Secretariat (A/53/385) should be endorsed by the General Assembly and applied in a manner which ensured conformity with the decisions of the General Assembly on the employment of consultants.

28. The Advisory Committee's views on human resources management reform were contained in paragraphs 17 to 20 of its report. He drew the Fifth Committee's attention to the recommendation that the Secretary-General should submit an implementation plan. The budgetary implications of the reform measures, including those in the implementation plan, should be indicated in the proposed programme budgets.

29. **Mr. Odaga-Jalomayo** (Uganda) requested that the oral report just given by the Chairman of the Advisory Committee should be circulated in writing.

30. **The Chairman** said that the Secretariat would attend to the request.

Agenda item 135: Financing of the International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991 (*continued*) (A/52/520 and A/52/891; A/53/651; A/C.5/52/47; A/C.5/53/12 and A/C.5/53/13)

Agenda item 137: Financing of the International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan

Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994 (*continued*) (A/52/520 and A/52/784; A/53/659; A/C.5/52/48; A/C.5/53/14 and A/C.5/53/15)

31. **Ms. Zainoeddin** (Office of Programme Planning, Budget and Accounts), responding to questions, said that it was not easy to compare the functioning of the International Tribunal for the Former Yugoslavia and the International Criminal Tribunal for Rwanda with that of the International Court of Justice in view of their differing mandates. Her office would nevertheless circulate an informal paper which attempted to do so in tabular form.

32. Regarding resource requirements relating to the appointment of new judges, she said that three new judges had been appointed to the International Tribunal for the Former Yugoslavia with effect from November 1998. There was no financial provision for installation or relocation of any judge in 1999. There was thus no discrepancy between the situations in the two Tribunals.

33. The 1998 vacancy rate for the International Tribunal for the Former Yugoslavia reflected a substantial increase in posts during the year, combined with a recruitment process that took between three and six months. Substantial progress had been made, and it was now expected that 92 per cent of the posts approved for 1998 would be filled by the end of the year.

34. At the International Criminal Tribunal for Rwanda, almost 200 posts had been filled during 1997. The high vacancy rate for 1998 must be seen in the context of the new posts approved for the year. Steps had been taken to speed up recruitment. For example, in urgent cases an initial review of applicants already in the Tribunal's roster was conducted before vacancy announcements were posted. A recruitment officer had been seconded from the Office of Human Resources Management to support the Tribunal, and additional staff would be sent as required.

35. The International Tribunal for the Former Yugoslavia had granted 16 requests for changes of defence counsel and seven requests for changes of co-counsel, and the International Criminal Tribunal for Rwanda had granted 10 requests for changes of defence counsel and two for changes of co-counsel. Requests by the accused for changes of counsel were granted only after careful review because such changes resulted in higher costs and delays in trial proceedings.

36. In many countries it was the practice to assign legal counsel to indigent detainees, who could also request a change in the assigned counsel. Those procedures were followed in the two Tribunals.

37. The standards for the physical conditions of the detention facility were the same for both Tribunals. The Rules of Detention had been drawn up in accordance with the Standard Minimum Rules for the Treatment of Prisoners. The International Committee of the Red Cross had full access, unannounced, to both detention facilities to ensure compliance. An increase had been proposed in medical supplies for the International Criminal Tribunal for Rwanda because of the need to provide medical treatment to detainees.

38. With regard to security arrangements, she said that in the case of the International Tribunal for the Former Yugoslavia security officers were assigned to the Prosecutor, Deputy Prosecutor and investigators during travel on potentially dangerous missions. Judges were given personal protection as required, including when travelling. The International Criminal Tribunal for Rwanda was working closely with local authorities to assess risks and determine what measures should be taken. There was an emergency response capability. The Tribunal was guided by the Security Coordinator's classification of areas of Rwanda, and the residences of judges were guarded by United Nations security officers and local police.

39. Most measures to protect witnesses had no impact on the budget, although video-linked testimony had a direct effect on spending, as did measures for the physical protection and relocation of vulnerable witnesses. The International Tribunal for the Former Yugoslavia was concluding agreements with various Member States regarding the relocation of witnesses requiring protection. The relevant information in connection with the International Criminal Tribunal for Rwanda had been provided in annex III to the Secretary-General's report on the financing of the Tribunal (A/C.5/53/15).

40. Answers to other questions raised by delegations would be provided in writing.

41. **Mr. Odaga-Jalomayo** (Uganda) said that his delegation welcomed the fact that some of the answers had been given at a formal meeting. He would also appreciate information on the accommodation provided at the International Criminal Tribunal for Rwanda for offices and for senior officials.

42. **Mr. Orr** (Canada) asked what had prompted the Advisory Committee to recommend that an expert review should be conducted of the management and organizational structures of the two Tribunals, what type of experts would

be involved, and whether the review would be of the kind normally conducted by the Office of Internal Oversight Services (OIOS). Should the review take place, he hoped that the ensuing report would be available before the end of the current session so that it could be taken into account in preparing the budgets for the year 2000 for the two Tribunals.

43. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that the Advisory Committee believed that the review, with full participation of the Tribunals, should focus on judicial management rather than administrative management and that the group conducting it should comprise judges, prosecution, trial and defence experts with sufficient experience to be able to evaluate a Tribunal of international character. The purpose of the proposed expert review was not in any way aimed at the statutes of the two Tribunals. He stressed that the principal objective of the review would be judicial management, even though judicial management had an important impact on administrative management and efficiency of the Tribunals. He gave as an example the introduction of pre-trial court management as referred to in paragraphs 15 and 21 of the reports of the Secretary-General (A/C.5/53/13 and A/C.5/53/15) on the International Tribunals for the Former Yugoslavia and Rwanda, respectively. He indicated that when at The Hague, the Advisory Committee had been informed that a seminar had been convened before the new procedure was introduced. The seminar had included outside experts in judicial court management. The Advisory Committee therefore welcomed the introduction of pre-trial court management and concluded that that experience could be used to introduce improvement in other areas of the judicial functioning of the two Tribunals. In view of the foregoing, the Advisory Committee believed that the proposed review could not be undertaken by the OIOS, the Board of Auditors, JIU or the United Nations Secretariat.

Organization of work

44. **The Chairman** said that the Committee's earlier decision to extend the deadline for completion of its work during the main part of the session to 9 December had been based on the assumption that the first performance report and the budget outline for the biennium 2000–2001 would be available by 30 November. Unfortunately, they had not been issued and consideration of them could not begin before 4 December. The Bureau had therefore agreed that the Committee should concentrate on completing its informal consultations on all outstanding issues during the week ahead.

45. He appealed to delegations to do their utmost to make that possible. While the programme for the week was not ideal, it was the only realistic way to proceed in the circumstances. The Committee had not completed its consideration of the pension system or of the common system, and those items would also have to be accommodated. He hoped that the Committee could take up the performance report and the budget outline the following week, but it was premature to set a deadline for the completion of the Committee's work. The consideration of some items would have to be deferred until the resumed session.

46. **Ms. Silot Bravo** (Cuba) asked whether it would be possible for the Committee to continue its consideration of revised estimates resulting from resolutions and decisions of the Economic and Social Council and the treatment of perennial activities in the programme budget.

47. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that the Advisory Committee had taken up the Secretary-General's report on the relationship between the treatment of perennial activities in the programme budget and the use of the contingency fund (A/C.5/52/42) in conjunction with the budget outline, and it would report to the Fifth Committee in the context of its report on the outline.

48. **The Chairman** said that the Committee would consider those matters under item 113 at the end of the week.

The meeting rose at 11.45 a.m.